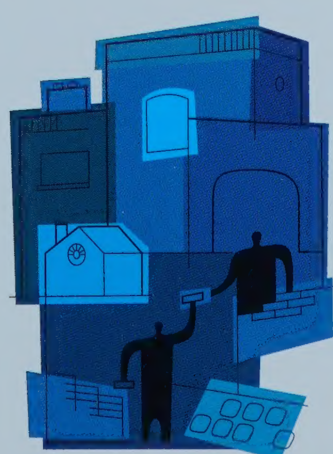
Jannock Limited

1998 Annual Report

THE VINYL GROUP

THE METAL GROUP



THE BRICK GROUP

Contents

CURRENCY

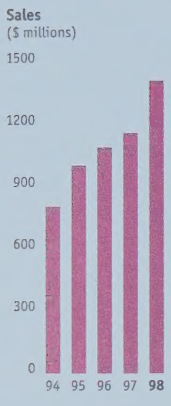
All currency amounts are expressed in Canadian dollars unless otherwise indicated. United States revenues and expenses have been translated using the average rate of exchange for the month in which the transactions occurred. The average rate for the year was US $1.00 = Cdn $1.48.

About This Report

Over the past nine years, Jannock Limited has grown to become one of North America's largest providers of building products. Decentralization has been the key to this achievement. Jannock's three Business Groups – Vinyl, Metal and Brick – have all been encouraged to develop their own strategies and manage their own assets and operations within the Jannock corporate guidelines. To better assist you in understanding this structure, the Groups have each prepared separate operations reports. Their reports are preceded by a brief consolidated review of 1998 and followed by a fourth report in which the Group results have been incorporated into a discussion of the entire Jannock organization.

1998 in Review

CORPORATE HIGHLIGHTS



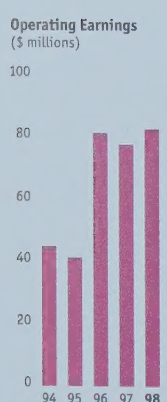
OPERATING AND FINANCIAL DATA

OPERATING For the years ended December 31 (millions of Canadian dollars, except per share amounts)	**1998**	1997
Sales	**1,405.3**	1,154.3
Net earnings	**44.9**	44.5
Earnings per Common share ($)		
Continuing operations	**1.30**	1.35
Net earnings	**1.30**	1.44
Cash flow from operating activities	**88.4**	60.3

KEY RATIOS For the years ended December 31	**1998**	1997
Operating margin before Unusual items and Property Development (%)	**6.0**	6.0
Current ratio	**2.0:1**	1.9:1
Net debt to total capitalization (%)	**34**	40
Return on average Common shareholders' equity (%)	**10.0**	12.8

FINANCIAL POSITION As at December 31 (millions of Canadian dollars, except per share amounts)	**1998**	1997
Total assets	**1,015.8**	859.5
Working capital	**204.6**	170.1
Shareholders' equity	**508.9**	378.3
Book value per Common share ($)	**14.33**	12.07

REVIEW OF OPERATIONS



In 1998, our consolidated sales were $1,405.3 million, an increase of 21.7% over 1997. Metal Group sales were up 40.1% to $743.0 million, Brick Group sales increased 12.6% to $302.0 million, while Vinyl Group sales increased by 1.3%, compared to $355.6 million in 1997.

Consolidated operating earnings increased to $83.0 million in 1998, compared to $78.2 million in 1997.

Operating earnings, before net losses from Property Development and unusual items, were $84.0 million, an increase of 22.1% from $68.8 million in 1997. The increase reflects earnings improvements in all three Business Groups: the Vinyl Group's operating earnings increased by $2.1 million over last year; the Brick Group had an operating earnings increase of $11.9 million; the Metal Group reported an earnings increase of $3.0 million over 1997.

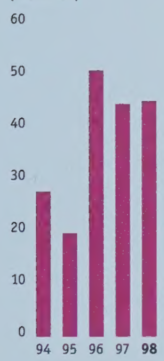
Net earnings were $44.9 million in 1998 compared to $44.5 million the previous year. This resulted in overall net earnings of $1.30 per Common share, compared to $1.44 in 1997. The earnings per share reflected the issuance of 4.1 million shares in March, 1998.

FINANCIAL REVIEW

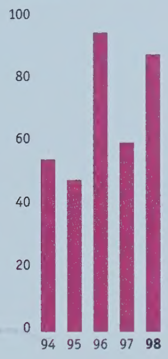
Total assets increased by $156.3 million, or 18.2%, to $1,015.8 million in 1998. The increase reflects acquisitions made by the Metal Group and the impact of a capital expenditure program of $80.6 million, and net expenditures on property development assets of $22.2 million. Total assets also increased due to the decline in the value of the Canadian dollar relative to the United States dollar.

Total capital spending, including the cost of acquisitions, was $122.8 million in 1998, compared with $228.7 million in 1997. Working capital, at December 31, 1998, was $204.6 million, compared with $170.1 million the previous year. Shareholders' equity was $508.9 million, an increase of $130.6 million compared to 1997. Return on average Common shareholders' equity was 10.0%.

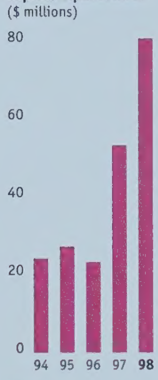
Net Earnings
($ millions)



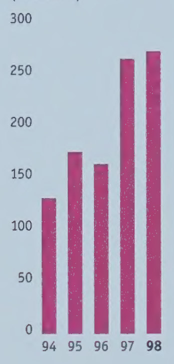
Cash Flow from Operating Activities
($ millions)



Capital Expenditures
($ millions)



Long-Term Debt
($ millions)



Significant Events

ACQUISITION OF BIG 'O'

In January, we announced the purchase of Big 'O', a leading Canadian producer of high-density polyethylene plastic pipe for Agricultural and Infrastructure markets. Big 'O's expertise in equipment design, production and tooling gives us a competitive advantage in North American and offshore Infrastructure markets.

EQUITY ISSUE

In March, we completed the sale of 4.1 million Common shares. The net proceeds of $79.8 million were used to pay down debt arising from acquisitions made in 1997.

ACQUISITION OF CARADON

In July, we purchased Caradon Metal Building Products. Caradon manufactures metal roofing and siding for the Agricultural and Commercial/Industrial Construction markets.

ACQUISITION OF DRETUCO

In October, we acquired Drenajes y Tuberia Corrugada S.A. ("DRETUCO") of Guatemala – the Corporation's first acquisition outside North America. DRETUCO is a leader in the supply of steel drainage and building products and soil retention systems for key Central American Infrastructure markets.

THERMASTEEL

In December, we secured the North American rights to produce, market and sub-license Thermasteel–a unique and technologically advanced new building product for the Commercial and Residential Construction industry. Thermasteel has one of the highest strength-to-mass ratios of any comparable structural material available.

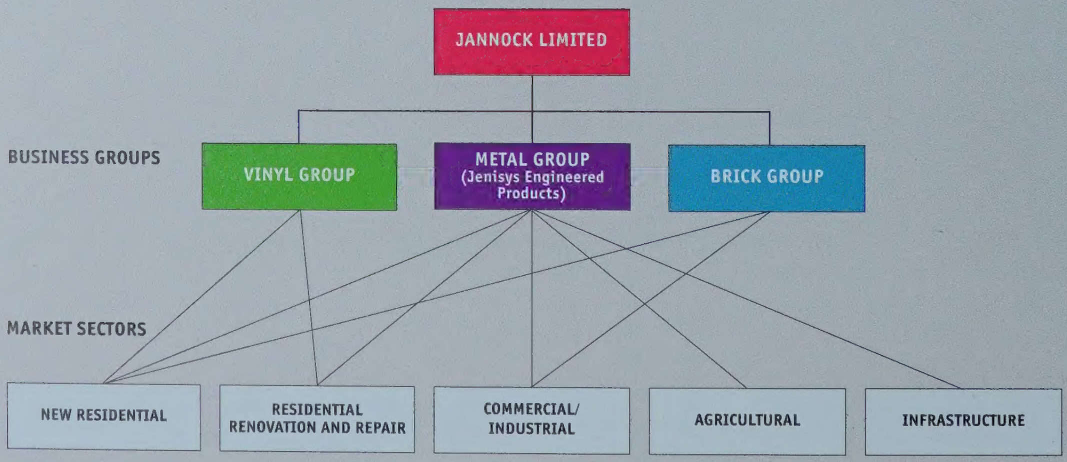
LEADERSHIP CHANGE

In February 1999, we announced that President and Chief Executive Officer R.J. Atkinson would be retiring at the time of the Annual Meeting and that the Board had selected Mr. Dixon Walker to take over the leadership of the Corporation.

CORPORATE PROFILE

Jannock Limited manufactures and distributes building products for the construction industry throughout North America. The Corporation's three Business Groups – Vinyl, Metal and Brick – serve the New Residential, Residential Renovation and Repair, Commercial/Industrial, Agricultural, and Infrastructure sectors. Recognizing that construction is a highly cyclical industry, Jannock's strategy has been to manage its capital in a manner which retains value during economic downturns and supports significant growth during periods of strength. The Corporation actively seeks opportunities for both internal expansion and strategic acquisitions. At the same time, investments must be consistent with Jannock's conservative approach to funding its development in North American and international markets. Jannock believes that social, environmental and ethical responsibility are essential factors in building long-term shareholder value. Jannock also believes that providing employees with empowerment, and a wide range of opportunities for personal development, is fundamental to enduring business success.

ORGANIZATION



MARKET SECTOR CONTRIBUTION TO SALES

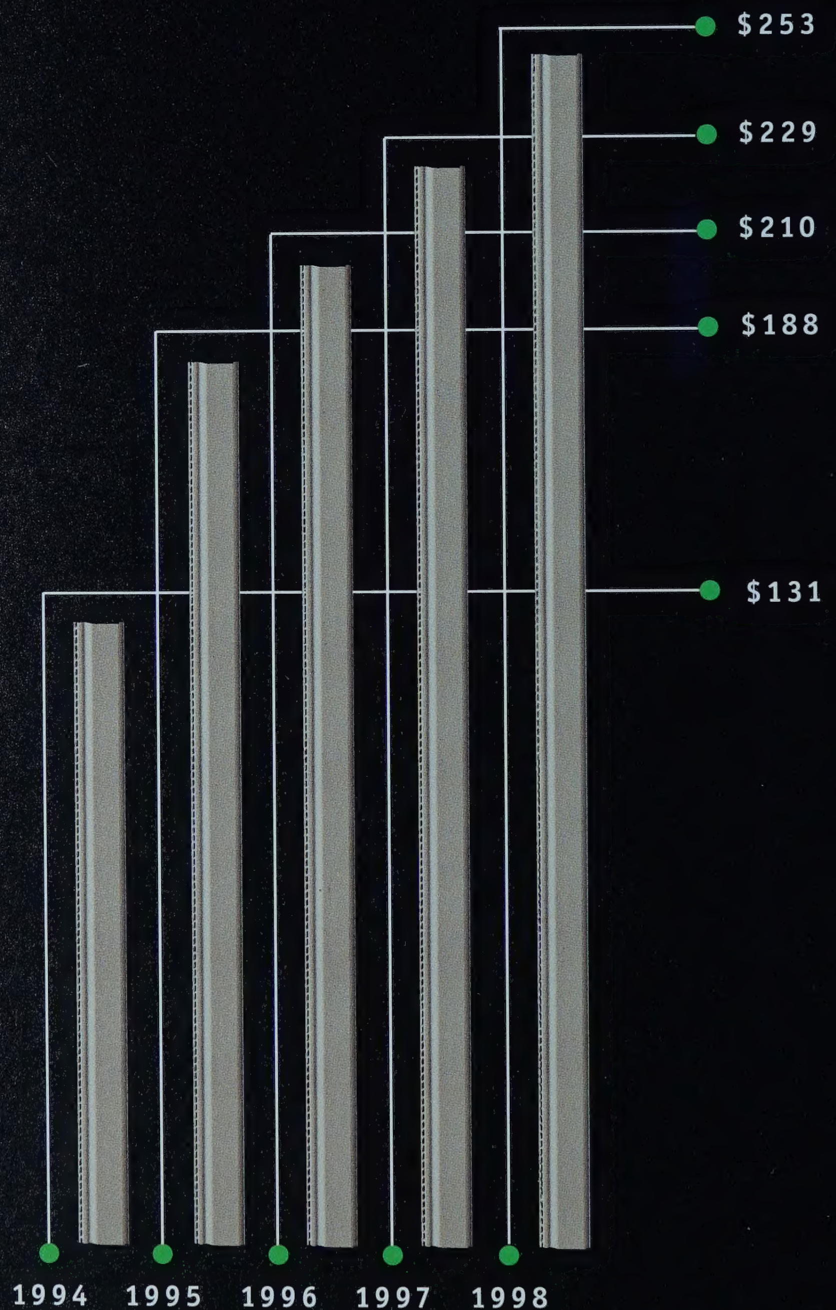
26%	17%	31%	19%	7%

THE VINYL GROUP

THE VINYL GROUP

Vinyl Group Identifiable Assets

(millions of Canadian dollars)



Business Profile

The Vinyl Group is one of North America's largest suppliers to the construction industry of vinyl siding, and fabricated products such as windows, fencing and other accessories. These products are used primarily in the Residential Renovation and Repair sector, but they are also gaining increasing acceptance in New Residential Construction. The Group, which is headquartered in Pittsburgh, Pennsylvania, is now rapidly expanding its volumes in fabricated products. These products add both breadth and depth to its market base, which was formerly concentrated in siding.

President's Message

Turnaround was the key word in the Vinyl Group this year. We have made tremendous progress and are now heading firmly in the right direction.

The upheaval in the vinyl siding industry hit the Group hard in 1997. As 1998 progressed, we stopped the slide and turned the business around. The mandate was clear: stop the losses, cut costs, boost performance to competitive levels, and start reclaiming lost ground in the market. At this point, we've done all of these things, and with continuous improvement we will do more in 1999.

Costs have been cut, productivity and quality are up, new distribution channels have been opened, and our customer responsiveness is much improved. All this has turned the tide, and given us a basis to grow in 1999.

As we rebuild our customer base, we are doing it on a much firmer footing than ever before. Our siding business is now founded on a leaner, more efficient production capability and a stronger, more diversified distribution base, better able to withstand competitive pressures in all respects.

We continued to balance our siding business, with robust growth in our fabricated products area. This is where our improved earnings came from, and it augurs well for the future of our Group. While siding volumes shrank, window shipments nearly doubled, and there is much more of this growth on the way. The fence, deck and rail business, though still a small proportion of the total, had a turnaround in profitability. These products provide more opportunities for proprietary features and are following the same growth pattern as vinyl siding did when it began displacing wood and metal decades ago. Maintenance-free durability and energy efficiency made vinyl an irresistible alternative then, and it still is today.

Fabricated products have great potential in both the Residential Renovation and Repair and New Residential markets across North America, and we intend to pursue those opportunities aggressively.

Sincerely,

NORMAN W. JOHNSTON
President

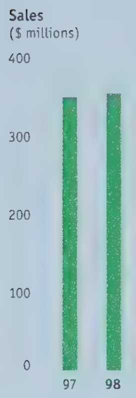
1998 in Review

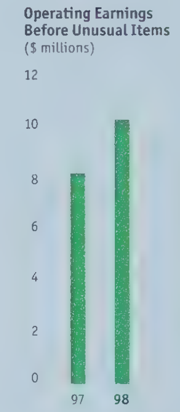
FINANCIAL RESULTS

The Vinyl Group's sales rose marginally from $355.6 million in 1997 to $360.3 million in 1998. However, the increase was entirely due to gains on the conversion of United States dollar revenues into Canadian currency; sales in local currency actually declined by 5.4%.

These apparently static results hide major underlying shifts in the Group's sources of revenue. In the intensely competitive siding sector, shipments were down versus 1997 as a result of the full year impact of customer losses due to acquisitions by competitors. The downward trend had bottomed out by year-end. On the fabricated products side, sales advanced by 56.6%, largely due to very rapid growth in window shipments.

Earnings rose to $10.4 million, reversing the steep decline of 1997, when earnings fell to $8.3 million. This turnaround is actually more dramatic than it appears. All the positive results were generated in the second half of 1998, when $12.0 million in earnings more than erased losses of $1.6 million incurred in the first half. This positive trend, which reflects both rapid growth in fabricated products and improved margins in siding operations, is continuing into 1999.





Significant Events

THE TABLES TURN FOR SIDING

The steep decline in siding volumes due to consolidations and a customer bankruptcy came to an end, and by year-end prices were stabilizing. The turnaround process in this sector has begun.

GROWTH IN FABRICATED PRODUCTS

The Group's product mix achieved a much improved balance, with 45% of sales now concentrated in fabricated products, such as windows, fences, decks and rails.

SUCCESS AT SURVIVOR TECHNOLOGIES

In its first full year as part of the Group, Survivor Technologies made a major contribution to sales and earnings with its highly successful line of vinyl window products.

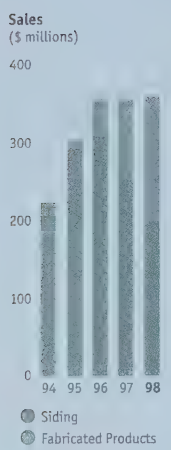
A MOVE IN THE RIGHT DIRECTION

The Group's return on sales, started moving in the right direction, with operating margins advancing in 1998.

EARNINGS TURNAROUND

Earnings showed a dramatic turnaround in the second half, quickly eclipsing losses in the first half. This trend is continuing into 1999.

OPERATIONS OVERVIEW



The Vinyl Group is currently facing, and effectively dealing with, very different situations in each sector of its business. On the one hand, the challenge in siding is to cut costs, stop losses and rebuild volume in an industry environment of turbulent consolidation and restructuring. On the other hand, the challenge in fabricated products is to manage success, and take full advantage of rapid growth in higher-margin sectors.

Survivor Technologies, which came close to doubling its shipments of vinyl windows in 1998, demonstrates the potential of the fabricated products market. Vinyl siding first appeared over 20 years ago, and within the last few decades, it has almost completely displaced wood and aluminum alternatives in the Residential Renovation and Repair market. Vinyl windows emerged over 10 years ago, and they are now following the same pattern, displacing alternatives at an increasing pace. Vinyl fence, rail and deck products are just beginning to set foot on the same road. Fences are now the fastest growing category of vinyl building products. The Group is aggressively pursuing a strong position in the fabricated sector, which has enormous growth potential over the next decade.

In siding, new management has focused on lowering costs and raising standards of quality and customer service. Substantial savings have been achieved in the costs of supplies, production and shipping, and delivery response times have been dramatically reduced. As a result, by year-end, the decline in sales volumes had been arrested, and the process of rebuilding commenced.

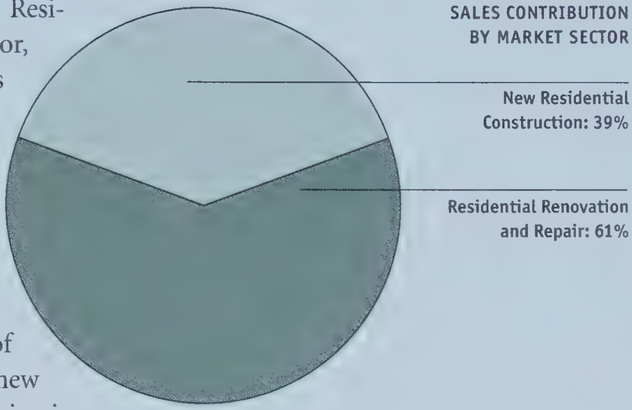
The siding market is projected to gather strength over the next few years, due to the large number of houses in North American cities reaching the prime age for renovation, 40 to 50 years old. As the current consolidation process within the industry comes to an end, lower costs, stable prices and a growing market will create new opportunities for growth. The outlook for 1999 in siding is brighter than it has been for several years.

The Vinyl Group is now building a more diversified customer base, which is less vulnerable to cyclical fluctuations in demand in any one sector. At the same time, cost reductions, improved operating efficiency and expanding distribution channels are all contributing to improved competitiveness. The benefits of these improvements will become more and more apparent as sales volumes rebound.

THE MARKETS

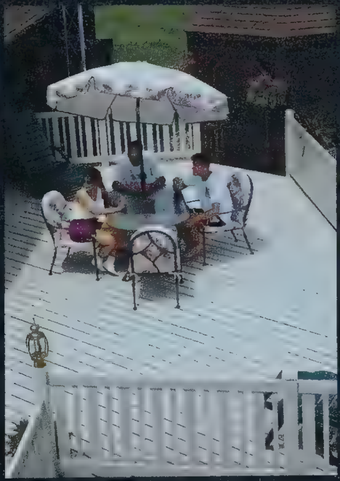
The primary market for siding is the Residential Renovation and Repair sector, where spending in North America is estimated at about US$130 billion a year. The Vinyl Group has an 11% share of the United States vinyl siding market, and also exports product to Canada.

About two-thirds of sales go into renovations, repairs and expansions of existing homes. The balance go into new home construction, where vinyl is gaining increasing acceptance.



Fabricated products, such as windows, fences, rails and decks are all growing rapidly at this time. They are used in the same Residential Renovation and Repair markets as siding. The renovation market is projected to grow substantially over the next few years. Vinyl fabricated products are also gaining ground in New Residential Construction markets.

The Products



The Vinyl Group has two product platforms: siding and fabricated products.

SIDING PRODUCTS

Vinyl has now become the dominant siding material in the Residential Renovation and Repair market, far ahead of wood and metal alternatives. Its maintenance-free durability in virtually any climate gives it an overwhelming competitive and lifetime cost advantage.

FABRICATED PRODUCTS

Fabricated products include windows, fences, rails and decks. Vinyl windows offer special advantages in energy efficiency that are winning them code approvals and rapidly growing acceptance in both Renovation and New Residential Construction markets. The Group maintains a research and development facility to explore ways to provide window products with innovative, proprietary features. Fence, deck and rail volumes are also growing from a small initial base.

THE BUSINESSES

HEARTLAND BUILDING PRODUCTS

Based in Booneville, Mississippi, Heartland Building Products produces premium-quality vinyl siding and accessories that are marketed through independent distributors.

MASTER SHIELD BUILDING PRODUCTS

From its head office and home plant in Weatherford, Texas, Master Shield markets a broad line of exterior siding products to private-label customers and independent distributors.

BIRD VINYL PRODUCTS

From its upgraded facility in Bardstown, Kentucky, Bird Vinyl Products manufactures the Bird and Armor Bond lines of vinyl siding and accessories. These products are marketed primarily through independent distributors, retail distributors, building products dealers and lumber yards in the Eastern United States.

OUTDOOR TECHNOLOGIES

Outdoor Technologies offers the most extensive product line in the residential fence, deck and garden accessories business. It operates an integrated blending, extruding and fabricating plant in Macon, Mississippi, and is starting fabricating in its Reno, Nevada distribution centre.

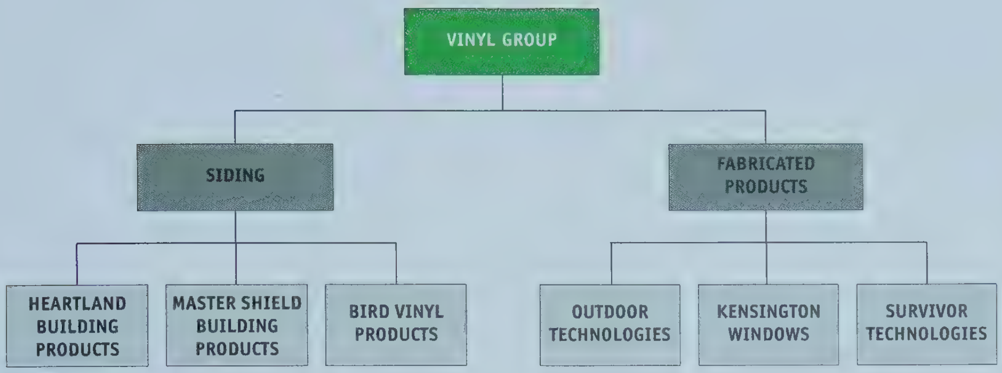
KENSINGTON WINDOWS

Kensington Windows serves the specialty dealer market with a range of high-performance replacement windows. At its plant in Vandergrift, Pennsylvania, it produces fully welded vinyl windows for the entire North American market.

SURVIVOR TECHNOLOGIES

Survivor Technologies is a major supplier of windows and doors to markets in the Northeastern, Southern and Midwestern United States. It operates production facilities in Hillside, New Jersey, and Leon, Iowa, and is headquartered in Hillside.

BUSINESS STRUCTURE



LOCATIONS

The Vinyl Group operates seven vinyl plants in the United States.

OUTLOOK

Residential Renovation and Repair markets are expected to remain strong throughout 1999 and beyond. Prospects are similar in the New Residential Construction markets. This favourable climate will support continuing rapid growth in our fabricated products business, enabling us to make optimum use of our productive capacity.

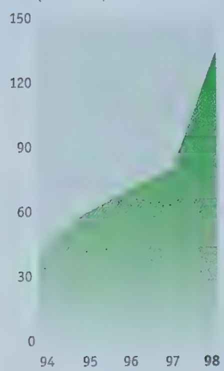
In siding, the process of refining our operations to achieve higher productivity and overall efficiency will continue. We expect this process to last another year or so, at which point all operations will be meeting new, stringent performance standards. Meanwhile, intensive efforts to rebuild sales volume will continue in a more stable cost and price environment.

Earnings in 1999 should continue the strong upward trend established in the latter half of 1998.

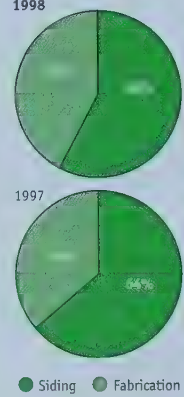
OPERATING AND FINANCIAL DATA

The following charts provide an overview of the financial and operating performance of the Vinyl Group relative to past years' performances.

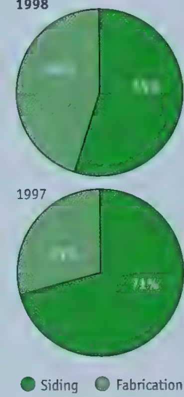
Sales by Market Sector: New Residential Construction
($ millions)



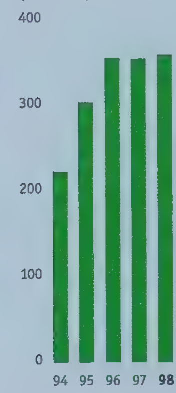
Assets



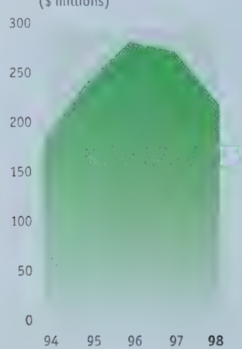
Sales



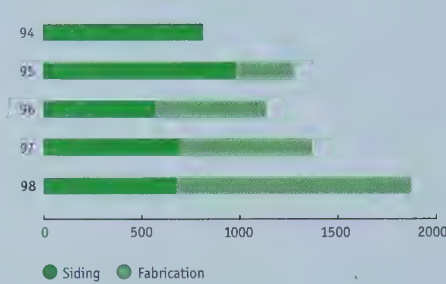
Sales
($ millions)



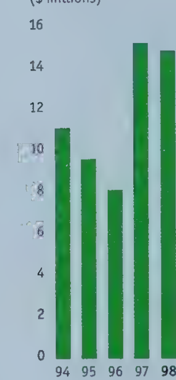
Sales by Market Sector: Residential Renovation and Repair
($ millions)



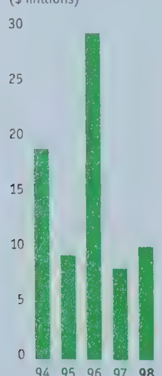
Employees



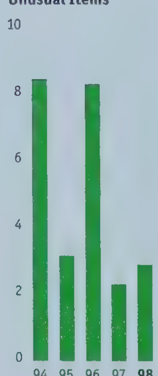
Capital Expenditures
($ millions)



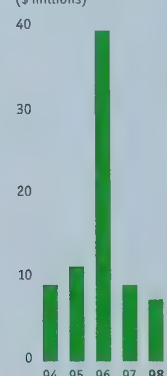
Operating Earnings Before Unusual Items
($ millions)



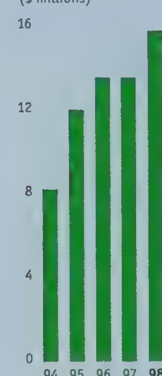
Margin % Before Unusual Items



Operating Cash Flow
($ millions)



Depreciation
($ millions)



THE METAL GROUP

Metal Group Identifiable Assets

(millions of Canadian dollars)

Business Profile

The Metal Group operates under the name Jenisys Engineered Products, in a variety of construction markets across North America, through a number of business units. Jenisys is Canada's largest supplier of metal construction products, with 35 plants in strategic locations across the country. Another 13 plants in the United States gives the Group a significant and fast-growing presence in the United States market. The acquisition of a customer's business in Guatemala has given the Group an entry point into the Central and South American markets. Recent acquisitions have also strengthened the Group's competitive position, with important value-added products based on proprietary technology.

President's Message

Our strategy of pursuing balance through progressive diversification in both products and markets stood us in good stead, given the mixed conditions of 1998. Despite significant weakness in some of our markets during the year, we were able to achieve substantial increases in both sales and earnings.

The key to this success amidst adversity has been our increasing strength in highly-engineered, value-added products and systems. The largest contribution to our earnings came from Associated Building Systems ("ABS"), which completed its first full year of operation as part of our Group. This company has participated in the growth of metal building systems in place of conventional construction. Metal building systems are continuing to expand into Commercial/Institutional and multi-storey applications in addition to the traditional Industrial markets. The technical capability of ABS in dealing with complex design criteria positions the company well to participate in future growth. Commercial/Industrial markets for these value-added products remained strong throughout the year in both the United States and Canada.

Meanwhile, low commodity prices and the Asian economic crisis have had a severe impact on our traditional customers in the agricultural and forestry sectors. These commodity-producing industries faced weak demand and depressed global prices for their output, sharply reducing their orders for our grain-storage bins and logging road infrastructure products. January's ice storm in Eastern Ontario and Quebec, and prolonged rainy conditions in the United States Northwest, also significantly curtailed construction industry demand in these regions.

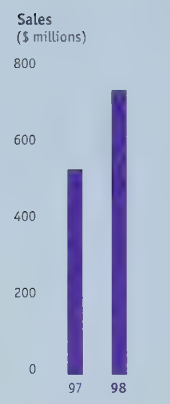
Offsetting this was the success of ABS noted above, as well as benefits achieved by integrating our major acquisition of 1998, Big 'O'. The operations of Big 'O' have been combined with Armtec's steel pipe business, which will result in substantial cost savings and improvements in customer service. Greenfield start-ups of VICWEST plants in three United States locations also began making a contribution by year-end.

We intend to continue seeking growth through both greenfield start-ups and complementary acquisitions. This strategy has already vindicated itself, and holds even greater promise for the future.

Sincerely,

ROBERT H.R. DRYBURGH
President

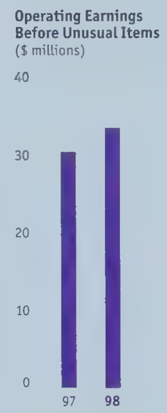
1998 in Review



FINANCIAL RESULTS

Sales increased by 40.1% from $530.5 million in 1997 to $743.0 million in 1998. Canadian sales decreased marginally from $384.6 million to $381.1 million, while United States sales rose 148%, from $145.9 million to $361.9 million.

While all but one business unit remained profitable, earnings in Canada declined 45.5%, primarily due to price pressures resulting from weaknesses in the agricultural, forestry and municipal infrastructure markets. This decline was more than offset by a 300% increase in United States earnings. Overall earnings for the Group were $33.4 million, up 9.9% from last year's $30.4 million. Earnings were also favourably affected by gains on the conversion of United States dollar revenues into Canadian currency.



Significant Events

ACQUISITION OF BIG 'O'

We acquired Big 'O', a Canadian manufacturer of plastic pipe for infrastructure and agricultural applications. Its operations have been integrated with those of Armtec, which serves similar markets with its steel pipe products.

ACQUISITION OF CARADON

We acquired Caradon Metal Building Products, a Canadian manufacturer of metal roofing and siding. Its operations were transferred into appropriate VICWEST plants and redundant plants closed. A fabrication plant producing grain storage bins was absorbed into Westeel.

ACQUISITION OF DRETUCO

We acquired DRETUCO, a former customer and distributor in Central America. Its operations have been combined with those of Armtec, providing a beachhead for future expansion into other Latin American markets.

THERMASTEEL

In December we acquired exclusive North American rights to an innovative technology for the production of an advanced steel framing product known as Thermasteel. The product has commercial and residential applications and is generating high levels of interest in the burgeoning market for steel framing for residential construction.

THREE NEW PLANTS

In the third quarter, VICWEST started up three new United States greenfield plants, somewhat behind schedule. Two of these are now meeting operating expectations, and the third will be a profit contributor in 1999.

ABS MAKES A MAJOR EARNINGS CONTRIBUTION

As expected, ABS, acquired in late 1997, made a major contribution to earnings in 1998. ABS is the sixth largest manufacturer of metal building and roofing systems in the United States and in conjunction with VICWEST has made Jenisys a significant player in the United States market.

OPERATIONS OVERVIEW

During 1998, Jenisys began reaping the benefits of its strategic focus on value-added systems. The year's profit leader was ABS, a widely-respected manufacturer of metal building and roofing systems, as well as retrofit roofing systems. ABS serves primarily Commercial/Industrial markets, where demand remained strong throughout the year.

The addition of ABS has provided important strategic balance in our Group, reducing our exposure to the Agricultural Construction sector. Prior to the ABS acquisition, about 75% of our United States sales volume was in the Agricultural sector; that proportion has now been reduced to 31%.

Also in the United States, three greenfield start-ups by VICWEST, in Iowa, Pennsylvania and North Carolina, were completed in 1998. All three were delayed from their original schedules, but these problems have now been overcome. The Iowa and Pennsylvania units are presently operating as planned, and the North Carolina unit is not far behind. All three will be profit contributors in 1999.

The one cloud over the United States market in 1998 was in the Northwest, where record rainfall in the first half severely curtailed construction activity.

Recent acquisitions also strengthened Canadian operations, which faced difficult market conditions. Big 'O', acquired at the beginning of the year, manufactures high-density polyethylene pipe for agricultural, industrial and infrastructure applications. Its product line is a logical complement to Armtec's steel pipe business, and we immediately began seeking synergies between them. During the course of the year, their sales and distribution activities were progressively combined, and they are now operating together as a single unit, with significantly greater efficiency than either could achieve alone.

Canadian markets were adversely affected through the year by a number of factors. Most significant were the impacts of declining commodity prices, and the Asian slump, which sharply depressed the agricultural and forestry markets for our storage-bin and drainage products. The ice storm in Ontario and Quebec early in the year hindered the construction sector in this region for some time. Many Ontario municipalities also deferred infrastructure projects as they adjusted to the additional responsibility "downloaded" by the provincial government. Despite these difficulties, all but one Canadian operating unit remained profitable, though earnings were lower than last year.

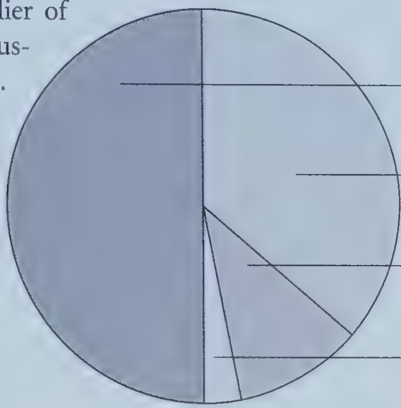
Towards year-end, a small but significant step was taken with the acquisition of DRETUCO, a Guatemalan distributor of steel drainage and building products. Its operations have been combined with those of Armtec, giving us a stronger base for expansion into larger markets in both Central and South America.

Another promising step was taken in December with the purchase of exclusive rights to manufacture and distribute Thermasteel framing components. These unique components, which are produced by a very efficient, high-speed process, provide significant advantages over traditional steel products and have the potential to displace wooden studs in residential applications. This will give us an avenue for growth in a sector where we currently have only marginal participation.

We are one of Canada's largest non-automotive buyers of steel and, with our growth in the United States, our North American steel consumption is also significant. This position enables us to build relationships with the steel producers and to continually improve the efficiency of our operations.

THE MARKETS

In Canada, Jenisys is the largest supplier of metal products to the construction industry, and the only one with national reach. With the acquisition of ABS, the Group is now becoming a national player in the United States market as well.

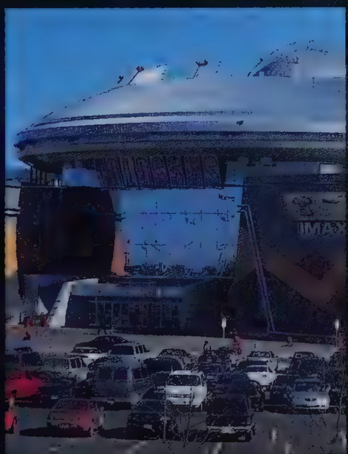


Jenisys Engineered Products serves four primary construction industry markets:

- the Commercial/Industrial sector, which accounts for half of sales,
- the Agricultural sector, which accounts for about one-third of sales,
- the Infrastructure sector, which accounts for about one-tenth of sales, and
- the Residential sector, which accounts for a small fraction of sales, but has substantial growth potential.

This mix of markets provides insulation against cyclical fluctuations in any one sector, since each sector tends to respond to different economic influences.

The Products



COMMERCIAL/INDUSTRIAL

We provide a range of building components, as well as fully engineered building systems. This includes custom-engineered buildings, designed and manufactured to the customer's specifications.

AGRICULTURE

We provide grain bins, storage tanks and roofing and cladding for farm and commercial buildings.

INFRASTRUCTURE

We provide culverts and retaining walls for highways, sluice gates for sewage treatment plants and a wide range of other standard and custom products.

ENGINEERING EXPERTISE

Engineering expertise is an increasingly important factor in penetrating new markets. All business units now have fully-resourced engineering departments that design, produce and install high-quality products and systems.

THE JENISYS GROWTH PLAN

Over the past year, the Metal Group has developed a detailed plan for profitable growth that will create continuing shareholder value. Called the Jenisys Growth Plan, it aims to smooth out cyclical fluctuations in earnings, and accelerate growth from year-to-year.

PERFORMANCE IMPROVEMENTS

Specifically, the plan aims to:

- increase the quality, quantity and stability of earnings,
- earn returns exceeding the cost of capital, and
- balance short-term performance with long-term growth.

The plan pursues profitable growth in multiple ways through: internal greenfield start-ups; product innovations; expanded markets; and by acquisitions in strategic areas.

A key thread running through the plan is synergy between business units. The inter-related needs and activities of many metal products businesses present opportunities to exploit economies of scale and achieve greater competitive efficiency. The plan aims to take full advantage of these opportunities while building a broader business base.

Optimizing the Group's product mix is another fundamental issue. High value-added products, such as custom-engineered building systems, are a vital part of this mix, and have outstanding growth potential. But at the same time, the plan recognizes the necessity of also maintaining a strong position in the lower-margin components sector. For many customers, the distinction between these sectors is fading, and they expect both options to be available. Growth will be pursued simultaneously in both the systems and components sectors in the years to come.

BUSINESS PLATFORMS

At present, the Group has three major business platforms, with a fourth one now emerging.

The first and largest platform is building systems and components, which is served by the Group's VICWEST and ABS businesses. The plan calls for continuing strong expansion in this sector, where strong market positions result in important economies of scale. Both greenfield start-ups and a major acquisition in the United States are foreseen as avenues for rapid growth.

The second platform is infrastructure, where prime products include steel and high-density polyethylene pipe produced by Armtec and Big 'O'. This market is also targeted for growth, particularly in the United States. To serve infrastructure markets efficiently, production facilities must be located relatively close to customers. Acquisitions or joint ventures may be part of the expansion process in this sector.

Storage is the third platform, the prime products being Westeel's grain storage bins. Westeel has, for some time, been developing its capability to serve overseas markets. Business is now being developed in Latin America, Southern Africa, New Zealand, and more is in prospect in Australia and China.

The fourth platform is relatively new to the Metal Group, that of products serving the Residential sector. Today, steel-framed structures account for a small proportion of United States and Canadian housing starts. However, interest in steel as a replacement

for wood is rapidly growing. The Metal Group has acquired the Thermasteel technology to seize this opportunity. Using a proprietary rotary press production method, VICWEST will begin manufacturing and marketing light weight steel framing components for the residential home building market this year. Further opportunities have been identified in the emerging field of manufactured housing. Ultimately, Jenisys aims to build a residential business platform that will be an important, and consistent, contributor to earnings.

SHORT AND LONG-TERM GAINS

The plan calls for continuing operational improvements that will enhance returns from existing businesses, and improve competitiveness in established markets. Over the longer term, the plan also aims to achieve greater earnings growth by rapidly expanding operations and building larger and stronger market positions. Especially in components and systems, important economies of scale can be achieved once operations reach a critical size. The Group will pursue market leadership positions in key sectors where the potential for these economies is greatest.

As it evolves, the Group's diverse mix of both products and markets will become less and less exposed to the economic cycles of any particular industry or region. The obvious benefit will be a more stable, consistent earnings stream. Synergies in purchasing, transportation and distribution will also increase as the plan unfolds, adding further strength and stability to earnings.

THE BUSINESSES

ASSOCIATED BUILDING SYSTEMS, INC.

ABS ranks among the leading pre-engineered metal building companies in the United States. Headquartered in Nashville, Tennessee, it offers a value-added engineered product line that has consistently delivered high quality and solid profits over many years. In addition, ABS has established a strong dealer network in the Western and Southeastern states. The company was formed, beginning in 1994, through the acquisition of three pre-engineered building companies operating in different regions of the United States: Gulf States Manufacturers, based in Starkville, Mississippi; Kirby Building Systems, based in Portland, Tennessee; and CBC located in Lathrop, California.

ARMTEC

With sales offices and plants across Canada, Armtec provides infrastructure engineering solutions for heavy construction and civil engineering customers. Major products include corrugated steel pipe, water control gates and accessories, and engineered products such as tunnel liner plates, retaining walls, guard rails, multi-plate structures, super-span bridges and floor grating. The company also distributes a range of geosynthetic products. In 1998, Armtec strengthened its presence in Central America with the acquisition of DRETUCO, a Guatemalan distributor of construction products.

BIG 'O' INC.

Acquired in January, 1998, Big 'O' is Canada's leading producer of high-density polyethylene corrugated pipe for the Agricultural and Infrastructure sectors. In addition, it manufactures the equipment and tooling required to produce high-performance corrugated plastic pipe for North American and offshore markets. Based in Exeter, Ontario, Big 'O' also operates other Ontario plants in Forest, Orangeville, Woodstock and Chesterville.

PG BELL/ENAMELTEC

Based in Georgetown, Ontario, PG Bell supplies architectural systems, manufactured in porcelain enamel, to its customers around the world. It produces panels for the exterior and interior cladding of buildings, as well as for chalk boards and marker boards. In addition to serving the North American market, the company ships its products to China, Hong Kong, Mexico, Singapore, South Korea and Taiwan.

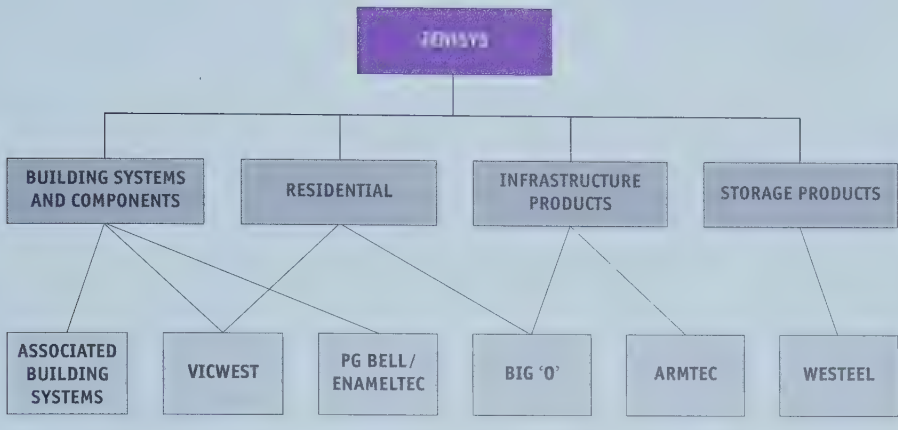
VICWEST

VICWEST is Canada's only national company providing roll-formed metal building components to the Agricultural and Commercial/Industrial sectors. The company manufactures profiled steel and aluminum products, as well as roofing materials. In the United States, the company is active in the Agricultural sector, and is expanding as a supplier of metal components in the Commercial/Industrial sector. In 1998, VICWEST purchased Caradon Metal Building Products, a Canadian manufacturer of metal roofing and siding.

WESTEEL

Westeel operates five manufacturing plants across Western Canada. It also maintains sales and warehouse facilities in Quebec and North Dakota. Its products are used to store cereal grains, seeds, animal feed, granular fertilizer, anhydrous ammonia fertilizer and petroleum products.

BUSINESS STRUCTURE



LOCATIONS

Jenisys conducts operations out of 49 plants: 35 in Canada, 13 in the United States and 1 in Guatemala.

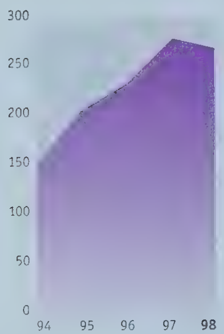
OUTLOOK

Jenisys now has four basic business platforms: building systems and components, storage products, infrastructure products, and steel framing components for residential applications. Demand for these products reflects economic conditions in different industries and regions. At present, the Agricultural sector is in a down-cycle, and will revive only when commodity prices recover. The Commercial/Industrial sector is much stronger, and should see an increase in volume during 1999. The Infrastructure sector is also expected to recover significantly during the year. The Residential sector is also strong at this time, providing an opportunity to increase our presently marginal position in this market. Our new technology will enable us to grow at a faster rate than the market.

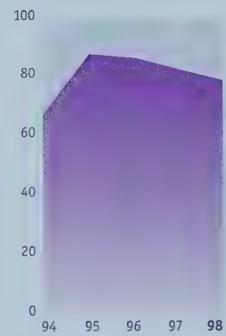
OPERATING AND FINANCIAL DATA

The following charts provide an overview of the financial and operating performance of the Metal Group relative to past years' performances.

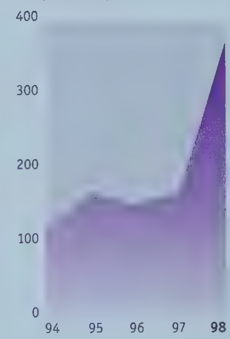
Sales by Market Sector: Agricultural Construction
($ millions)



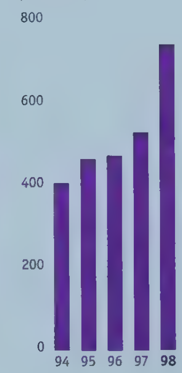
Sales by Market Sector: Infrastructure Construction
($ millions)



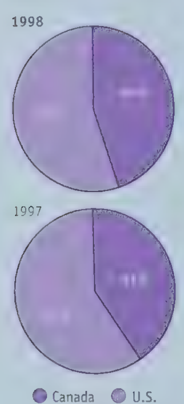
Sales by Market Sector: Commercial/Industrial Construction
($ millions)



Sales
($ millions)

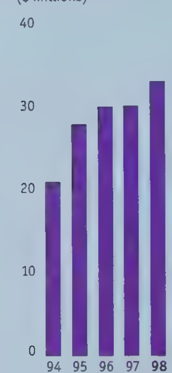


Assets

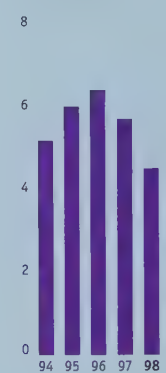


Sales

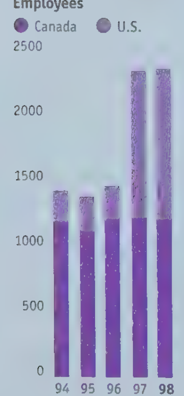
Operating Earnings Before Unusual Items
($ millions)



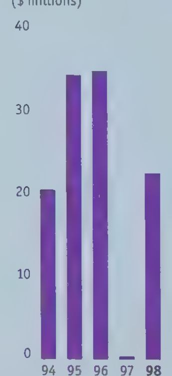
Margin % Before Unusual Items



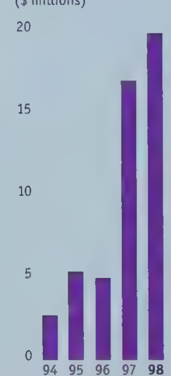
Employees



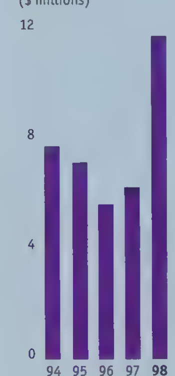
Operating Cash Flow
($ millions)



Capital Expenditures
($ millions)



Depreciation
($ millions)

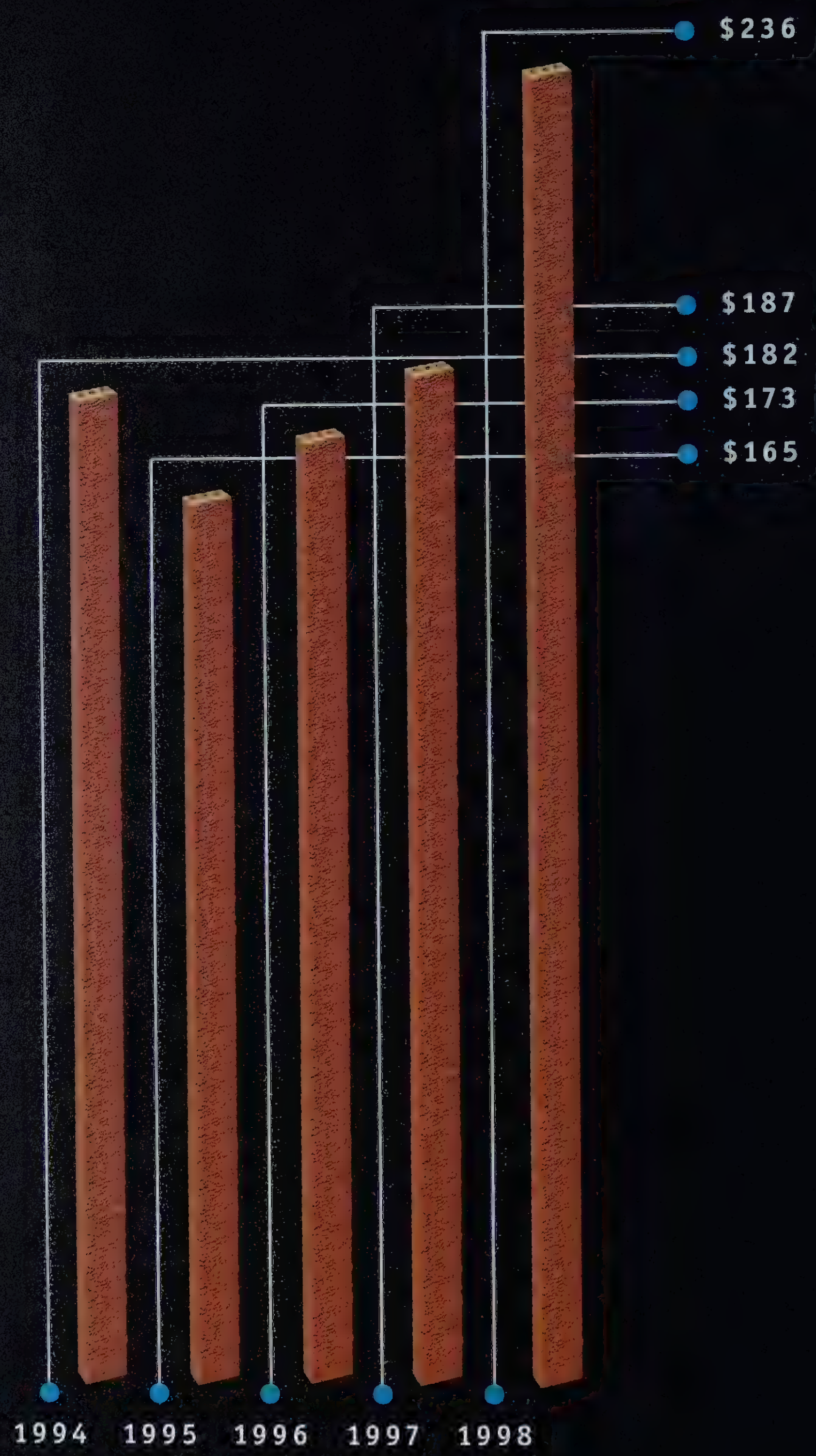


Note: 1997 year-end statistics for employees and identifiable assets include amounts for Associated Building Systems, Inc., acquired in December, 1997.

THE BRICK GROUP

Brick Group Identifiable Assets

(millions of Canadian dollars)



Business Profile

The Brick Group is the industry leader in Canada, with 5 plants in strategic locations in Ontario and Quebec. Another 16 plants in the United States makes the Group North America's second-largest manufacturer of extruded clay brick. In the markets in which we operate, brick is the preferred building material for external applications in both the New Residential and Commercial/Industrial Construction sectors. The Group serves these markets with high-quality brick products in a wide range of sizes, textures and colours.

President's Message

The Brick Group enjoyed another excellent year, achieving an increase in total shipments despite some weakness in our Canadian markets. Our most satisfying achievement, however, was an increase in earnings of over 30%, due to higher average prices, as well as progressive improvements in operating margins.

Better control of production schedules and processes, inventories, and shipments substantially improved our operating margin in 1998, and there is more to come. Firmer prices and better utilization of capacities were also important contributing factors. This strong performance is expected to continue through 1999.

United States housing starts rose about 10% in 1998, and our United States operations saw their sales increase by more than 16% in dollar terms. Earnings improved by twice that margin, setting a record for the fifth year in a row. With a new plant in Texas set to start shipments in mid-1999, and a continuing strong housing market in the regions where we are active, prospects for further profitable growth in United States operations remain bright.

In Canada, strikes in the construction industry marred what might otherwise have been a year of healthy demand growth. Housing starts in Ontario remained steady, while those in Quebec fell 11%. Our shipments split the difference, decreasing by about 5%. Nevertheless, higher average prices and improved operating efficiency more than made up for the volume shortfall, allowing us to record an earnings increase of more than 25%. A new Canada Brick plant in Southern Ontario is slated to come on stream about the middle of the year 2000, further consolidating our leading position in the Ontario housing market.

Sincerely,

VICTOR C. HEPBURN
President

1998 in Review

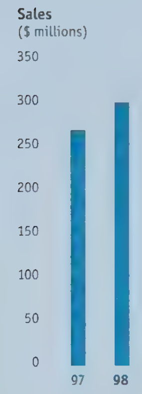
FINANCIAL RESULTS

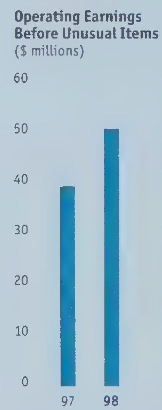
The Brick Group's sales in 1998 increased by 12.6% to $302.0 million, compared to $268.2 million in 1997. Buoyed by a 10% increase in housing starts, United States sales rose 16.7% to $221.7 million, up from the previous year's $190.0 million.

Earnings rose to $51.2 million, a 30.3% increase over last year's $39.3 million. Firmer prices in both Canadian and United States markets played a major role in achieving this increase. A gain was also made on the conversion of United States dollar revenues into Canadian currency.

In the United States, earnings improved, rising 31.9% to $38.0 million, while the operating margin moved up to 17.1%, compared to a margin of 15.2% in 1997. In Canada, the operating margin showed an even stronger increase, rising to 16.4% from its 1997 level of 13.4%, while earnings increased 25.7% to $13.2 million.

Total shipments in 1998 increased 1.5% to 1,180 million bricks, compared to 1,163 million bricks in 1997. Total shipments in Canada declined by about 5%, but this was offset by increased shipments in the United States.





Significant Events

PRICES RISE
Healthy housing markets and improved capacity utilization allowed brick prices to rise in both Canada and the United States, improving margins and helping earnings increases to outpace sales growth.

RECORD EARNINGS
United States operations set an earnings record for the fifth consecutive year. Our United States operations shipped 855 million bricks in 1998.

NEW PLANT
Canada Brick has contracted to build a new 150 million brick plant in Burlington, Ontario. Located beside a large shale deposit, the plant is slated to commence production in mid-2000.

EXPANSION IN TEXAS
At year-end, a new, 60 million brick plant in Elgin, Texas, entered its commissioning phase. It will begin shipments in the second quarter of 1999.

CANADA BRICK
Throughout the year, work proceeded on the new management information system at Canada Brick. The system went live in the first quarter of 1999 and will provide operating benefits and greater market responsiveness.

OPERATIONS OVERVIEW

The combination of generally favourable market conditions and improved internal efficiencies made 1998 a very successful year.

Our markets in the United States, principally in the Southeast, remained strong through the year, and are projected to record another good year in 1999. The start-up of our new plant in Elgin, Texas at mid-year will allow us to continue growing our market share in this region. The new facility, which is being added to an existing site, will add another 60 million bricks per year to our United States production capacity.

At present, we have approximately a 12% share of the total United States brick market. However, since the brick business is essentially localized, with plants serving a 300 mile radius, local market share is a more relevant measure. In the regions where we operate, our market share is closer to 20%.

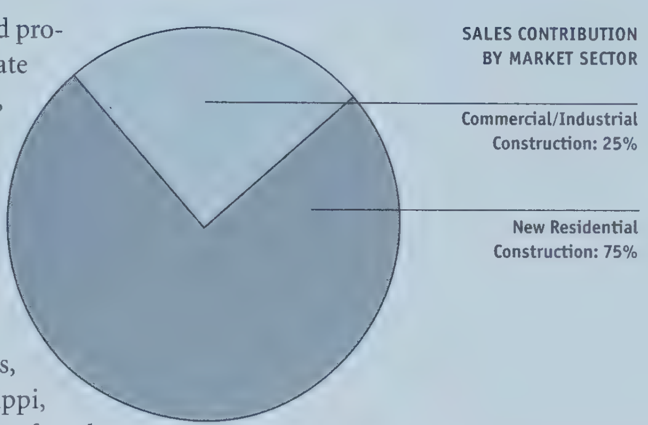
The Brick Group's Canadian operations are much more dominant in their economic regions in Southern Ontario and Quebec, holding a market share of over 70%. Plants in both provinces showed marked improvements in performance in 1998, despite some softening in demand. Our Quebec operation had another excellent year, virtually selling out its capacity, and recording an earnings increase of nearly 50%. Overall Canadian shipments declined slightly, largely due to construction strikes, rather than a lack of demand for housing. The housing industry is projected to rebound through 1999, as a favourable economic climate of rising employment and low interest rates continues.

Work has now begun on a new Canada Brick plant with a capacity of 150 million bricks per year in Burlington, Ontario. The plant site is located next to existing shale reserves which will provide the operation with raw material in a cost effective and efficient manner.

While we continue to grow by building new capacity, we are also reaping some benefits from the past. Jannock Properties is actively pursuing the real estate development of several former production sites in populated areas. The development of one site in Mississauga is now 80% complete, and approval has been obtained to proceed with another 183-acre site in the same area. Development lots at both sites are sold to home builders, as well as school boards, retailers and other commercial enterprises. The new site will start contributing to revenues in the second quarter of 1999.

A buoyant residential construction market in both the United States and Canada underpins our optimism for the coming year.

THE MARKETS



Brick markets tend to be localized around production facilities based on appropriate shale deposits. High transportation costs, relative to wholesale value, limit most brick shipments to a region within 300 miles of the production site.

The Brick Group's operations are strategically located in or near major urban centres in key high-use markets, including Southern Ontario, Quebec, Texas, North and South Carolina, Mississippi, Michigan and Kentucky. Brick is the preferred material for New Residential Construction in these markets and accounts for 75% of shipments. The balance is used in Commercial/Industrial Construction.

In Canada, we are the leading supplier, with a market share of over 70%. In the United States, we account for about 12% of total shipments, but we estimate our market share in the specific regions we serve at about 20%.

The Products

CLAY AND LIMESTONE BRICK

The company manufactures two basic types of brick: extruded clay and limestone. More than 95% of the production is extruded clay brick, while limestone brick is produced exclusively at a small plant in San Antonio, Texas to meet market demand.

BRICK WALL SYSTEMS

We also produce a thin-brick wall system which is finding increasing acceptance in North America and overseas for both exterior and interior applications.

NEW DESIGNS

New colours and textures of brick are continually being developed in response to changing consumer preferences. Recent examples are rolled edges and random indentations.

THE BUSINESSES

BRIQUETERIE ST. LAURENT/CANADA BRICK

Our two Canadian companies, Briqueterie St. Laurent and Canada Brick have achieved outstanding reputations for quality and service, earning approximately a 70% share of the entire Eastern Canadian brick market. The Ontario market is served by Canada Brick plants in Mississauga, Burlington and Ottawa. Quebec is supplied by Briqueterie St. Laurent's operating plant at La Prairie.

MICHIGAN BRICK

Michigan Brick enjoys a major competitive advantage because it is the only in-state brick manufacturer serving metropolitan Detroit and nearby regional markets. It maintains long-standing relationships with its customers and is considered to be the preferred supplier in the markets that it serves.

U.S. BRICK, SIPPLE

From its two plants in Kentucky, Sipple markets a wide range of superior products in a highly populated area extending from New York and Boston in the East to Chicago in the West. It markets a range of brick products in a wide variety of sizes and colours to both the Residential and Commercial/Industrial sectors.

BOREN BRICK

Boren Brick focuses primarily on the residential market in North Carolina, which is the largest brick-making state in the United States. It also distributes brick and other building materials through company-owned masonry stores.

RICHTEX

The industry leader in South Carolina, Richtex benefits from the superb quality of shale and other raw materials that are available locally. It has earned a reputation for quality, innovation and range of product that gives the company a distinct advantage over its competitors.

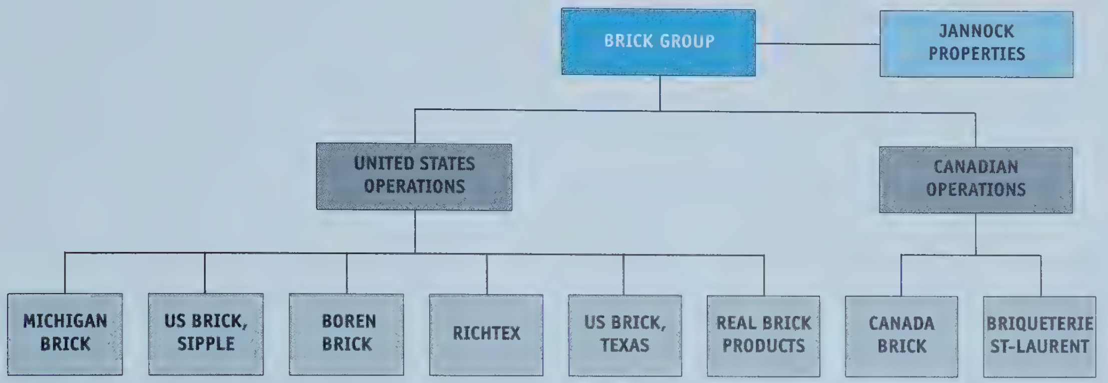
U.S. BRICK, TEXAS

Texas is the largest brick market in the United States. U.S. Brick's plants are strategically located to serve the local markets most likely to achieve significant growth over the next few years. At the end of 1998, the state-of-the-art brick manufacturing facility at Elgin entered its commissioning phase and will begin shipments in the second quarter of 1999.

REAL BRICK PRODUCTS

Real Brick markets an insulated, thin-brick masonry wall system that can be used for interior and exterior applications in both new construction and renovation. Many manufacturers of fireplaces, panels and other products also incorporate Real Brick wall systems into their designs. Real Brick products are distributed in both the United States and overseas markets.

BUSINESS STRUCTURE



LOCATIONS

The Brick Group operates 5 plants in Canada and 16 in the United States.

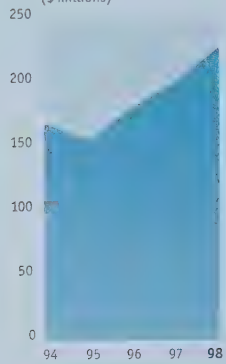
OUTLOOK

With three out of every four bricks we make going into New Residential Construction, the state of the housing industry is the key to our performance from year-to-year. At present, conditions in both Canada and the United States are decidedly favourable. Mortgage interest rates, the main influence on consumer demand for housing, remain low in both countries, and are projected to remain that way for the foreseeable future. In addition, there is considerable pent-up demand for new housing in Ontario, our primary Canadian market, where housing starts have lagged behind underlying demographic demand for some years. Although housing starts in the United States may not sustain the high level of 1998, the market for brick will remain strong throughout 1999.

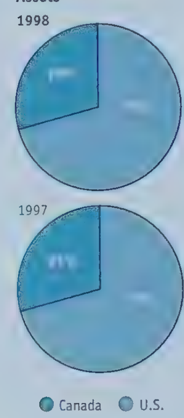
OPERATING AND FINANCIAL DATA

The following charts provide an overview of the financial and operating performance of the Brick Group relative to past years' performances.

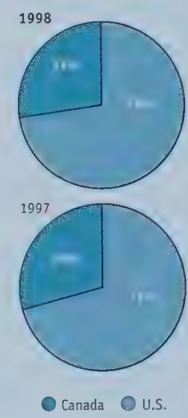
Sales by Market Sector: New Residential Construction
($ millions)



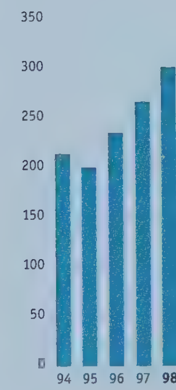
Assets



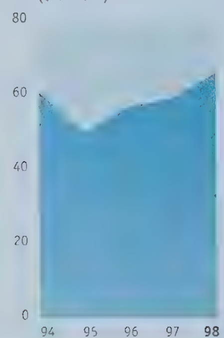
Sales



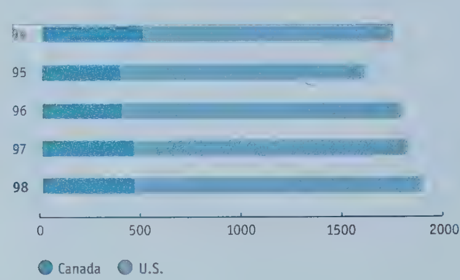
Sales
($ millions)



Sales by Market Sector: Commercial/Industrial Construction
($ millions)

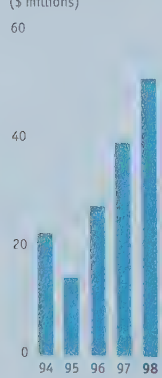


Employees

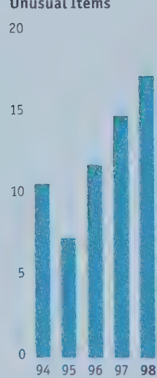


Capital Expenditures
($ millions)

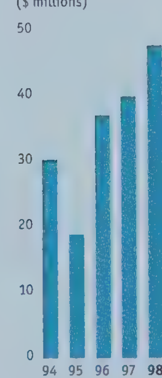
Operating Earnings Before Unusual Items
($ millions)



Margin % Before Unusual Items

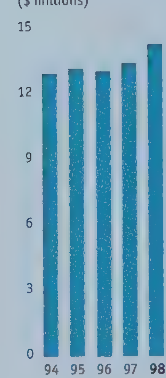


Operating Cash Flow*
($ millions)



*Excluding new plant capital expenditures

Depreciation
($ millions)



Jannock Limited

Consolidated Report

Fellow Shareholder

For Jannock, the most important thing about the year 1998 was the way it ended.

A MAJOR SURGE IN BOTH REVENUES AND EARNINGS in the last half, and especially the last quarter, allowed us to achieve an increase in operating earnings, before Property Development and unusual items, for the year of 22.1%. Fourth quarter operating earnings before Property Development and unusual items were triple what we recorded in the same period last year, and significant contributions came from all three Business Groups.

The fact that this momentum is carrying on into 1999 means that we are actually in much better shape than the numbers for 1998 indicate. Problems that depressed earnings in 1997 and part of 1998 are now behind us.

ALL THREE GROUPS IMPROVE

The Vinyl Group encountered major difficulties back in 1997 with large volume losses resulting from consolidation in the siding sector, as well as shrinking margins in an intensely competitive environment. As 1998 began, the Group was operating with a significant loss. By year-end, a host of initiatives implemented by new management had turned things around to the point where the Group made a $10.4 million contribution to earnings. This encouraging performance is continuing into the current year.

The Metal Group also delivered an improved performance, with earnings up 76.6% in the last quarter, and 9.9% for the full year. The improvement was entirely attributable to the excellent performance of the Group's recent acquisitions, Associated Building Systems and Big 'O', as results from other businesses in the Group declined somewhat. Integrating these new operations with others in the Group is creating important synergies in such things as steel purchasing

and distribution, giving us growing competitive advantages. Refining the focus in metal building products to achieve an optimum mix of high value-added and component items is an ongoing process that will continue to improve both the quality and quantity of our earnings from this Group.

And meanwhile, the Brick Group turned in the best performance of all, recording a 79.8% increase in fourth quarter earnings, and a 30.3% increase for the full year, despite some softness in the Canadian market. This performance also promises to get better in 1999. For some years, the Brick Group has been working to create an additional income stream by turning some of its former production sites into real estate developments. After several years of planting seed money, these real estate activities will start generating significant returns in 1999.

OBJECTIVES MET – JUST A LITTLE LATE

The rapid improvement in our performance in the fourth quarter of 1998 and on into the first months of 1999 considerably eases our disappointment in not reaching our published objective of increasing earnings by 50%. It just took us three months longer than we expected. Another objective we published last year, that of reducing debt leverage to less than 35%, was achieved on target, as we reduced leverage to 34% in the last quarter. The year's third stated goal, that of completing at least two strategic acquisitions, was also met on schedule, as we added Big 'O', Caradon and DRETUCO to our Metal Group. These acquisitions made valuable contributions to sales and earnings during the year.

THE FORWARD PLAN EMERGES

So the big question now is: where do we go from here? Last summer, we carried out an intensive review of all our business positions in an effort to answer that question. What we were looking for was a plan that would give us more consistent results from year-to-year, as well as faster year-over-year growth in earnings. What emerged from this strategic analysis was a sharper focus on specific sectors where the potential for growth is greatest, and where we have, or can readily develop, significant competitive advantages.

Many of the opportunities we identified involve high value-added products with access to broad markets. In some of these markets, we are already well established in Canada, and have the potential to replicate the same model in the United States. Others are emerging markets for us, such as introducing steel building products into the Residential sector.

This strategic review and the plans flowing from it will launch Jannock on a new era of expansion, pursuing a more sharply focused mandate than ever before. The plans are ambitious and challenging, but they are eminently achievable. We have the business platforms from which to launch new initiatives, and we have the necessary talent and expertise to make it all happen. After some reflection, I decided to add one more thing to our list of strengths: a new, younger leader.

NEW LEADERSHIP

In February, I announced my decision to retire as President and Chief Executive Officer, effective at the Company's Annual Meeting on May 7th. I will be replaced by Dixon Walker, a man with all the energy, talent and experience needed to take Jannock forward into the next millennium. I was part of the group that selected him, and I was delighted when he accepted the job. In my continuing role as a member of the Board of Directors, he will have my strong support. To learn why we're so enthusiastic about Mr. Walker's qualifications, I refer you to page 43 of this report, which features a brief profile and summary of his impressive accomplishments.

REFLECTIONS

The Company I will leave this spring bears no resemblance to the one I joined over two decades ago. In retrospect, it is now clear that we made a very significant move in 1987, when I helped put together our first joint ventures in the metal construction products business, first with Stelco, and then later with Dofasco. There were many doubters and naysayers around when Jannock Steel Fabricating ran into problems in the late eighties, but we stuck with it. In 1994, we made another decisive move when we took full ownership of Jannock Steel Fabricating. That move, followed by the sale of our interest in Ferrum in 1997, was the key commitment that set us on the path to where we are today.

The early nineties saw a turnaround in our metal products performance, and my faith in this venture was vindicated. I felt the same way about our moves into vinyl products, and despite recent troubles, I still see a bright future there. Today, it seems clear that our metal and vinyl businesses have made logical complements to our brick business, and all three Groups have benefited from our concerted focus on serving the North American construction industry.

That focus certainly didn't exist years ago, when we were in fields as diverse as sugar and commercial printing. During my career, I've seen this organization divest itself of no less than 14 businesses that didn't fit our evolving plans. Today, we've replaced an open-ended, "mini-conglomerate" strategy with one focused on a single industry whose diverse and complex needs we can satisfy in many ways. We have become active, innovative managers of our own businesses, rather than passive owners and overseers.

SAYING GOODBYE

Reflecting on my years with Jannock, it seems to me that I have been very fortunate in two ways. First, I've had the good fortune to be able to make my departure at a time when the Company is on the threshold of a new era, poised to become something bigger and better than we could ever have dreamed of when I joined. That is satisfying, and I'm grateful to have had the opportunity to be a part of that success story.

My second good fortune, and the most important by far, is the people I've had the privilege to work with over the years. Success in the corporate world is always a team achievement, and throughout my career, I've had more than my share of excellent team mates. Many of them were not only diligent and talented colleagues, they also became warm and supportive friends. To all of them, I owe a great debt of gratitude, and I wish them all well as they take up the challenges ahead under new leadership.

R. Jay Atkinson

R. JAY ATKINSON
President and Chief Executive Officer
March 15, 1999

R.J. Atkinson

R.J. ATKINSON
President and
Chief Executive Officer

Effective at the Company's Annual Meeting on May 7, 1999, R.J. Atkinson will retire as President and Chief Executive Officer of Jannock Limited.

STEEL HAS BEEN THE BACK BONE OF JAY ATKINSON'S CAREER. A native of Toronto, he joined Stelco in the mid-fifties at the age of 18, and spent the next 22 years building a career with the big steel-maker. Along the way, he worked steadily at enhancing his knowledge and expertise in his chosen field. As a part-time student, he first earned a B.A. from McMaster University, and later added a Metallurgy Technology Diploma. Subsequently, he began working on a still-uncompleted M.B.A. degree.

During Mr. Atkinson's years at Stelco, he gained experience in virtually all areas of the steel business, from supply and production to sales and marketing. By the end of the seventies, he had risen to the position of Stelco's Assistant General Sales Manager.

It was this impressive background that Mr. Atkinson brought to Jannock in 1980, when he joined the Company as President of Corporate Development. His mandate was to grow the steel business for Jannock, which he proceeded to do through joint ventures with both Stelco, Dofasco and Algoma and later through wholly-owned companies. As the steel business expanded under his direction, he assumed the title of Group President, Steel Operations. Mr. Atkinson's tenure as head of Jannock's steel operations laid the foundations for today's diversified Metal Group.

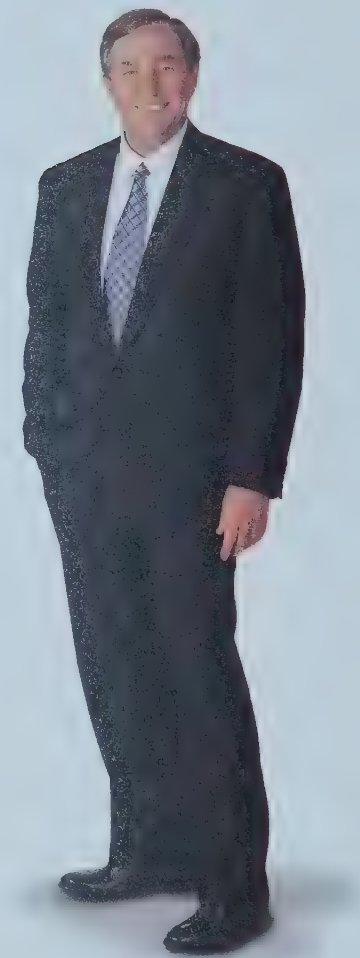
In 1989, Mr. Atkinson was appointed President of Jannock Limited. Two years later, he also assumed the role of Chief Executive Officer. He spent the next decade progressively refining Jannock's focus on construction products, divesting units unsuited to the core strategy, and acquiring others of strategic importance. Step-by-step, the "mini-conglomerate" he joined in 1980 was transformed into today's Jannock, totally focused on serving the construction industry.

Well-known for a working day that begins as early as 5:30 a.m., Mr. Atkinson plays as hard as he works. Two of his favourite recreations are martial arts (where he holds advanced black-belt status) and outdoor trekking. He and his wife, Mary, have been together since 1957, and have two children, Kirk and Karen and two grandchildren.

The employees, officers and directors of Jannock join in expressing their thanks to Mr. Atkinson for the important contribution he has made to building the Company, and wish him every success in his future endeavours.

Dixon Walker

In February, 1999, the Board of Directors announced the appointment of Dixon Walker as President and Chief Executive Officer. His appointment will be effective May 7, 1999.



DIXON WALKER
President and Chief Executive Officer, elect

IN AN ERA WHEN SENIOR EXECUTIVES frequently zig-zag between companies and industries, Dixon Walker's career has shown a remarkable degree of focus and consistency.

In 1969, on his 18th birthday, and while studying for his degree in Industrial Engineering at California Polytechnic State University (CalPoly) in San Luis Obispo, California, Mr. Walker joined Johns Manville. Over the next 28 years, he rose through a series of operating and general management positions, successively leading every major division of the diversified building products company.

A native of Lompoc, California (near Santa Barbara), Mr. Walker received his early education there, before making engineering his chosen field. At Johns Manville, Mr. Walker's first general management appointment was as Vice President and General Manager of the Roofing Systems Division, which he guided to a position as North America's commercial and industrial roofing leader. He then moved up to Group Senior Vice President adding to his responsibilities the company's Mats and Reinforcements Division, which produces continuous filament glass fiber products primarily for the roofing, flooring and plastics industries. Division assignments within his group changed from time-to-time resulting in his leadership of the various insulation and filtration divisions as well as some corporate staff support groups. During his nearly three decades of service with Johns Manville, he was responsible for the largest part of the company's revenues, and also gained international experience expanding into and overseeing operations in Europe, Canada, Mexico and Asia.

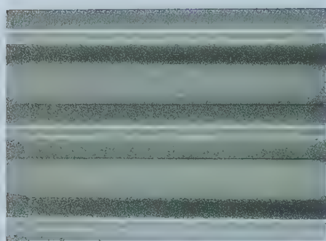
This background has given Mr. Walker an in-depth understanding of the building products industry that is ideally suited to the needs of Jannock at this point in its evolution. His proven operating skills and understanding of North American markets are directly relevant to Jannock's forward plan, which calls for both improvements in operating efficiency and expansion in United States markets. His international experience will also prove valuable as Jannock's business in world markets expands.

Mr. Walker believes that Jannock has very attractive opportunities for growth at this time, based on market opportunities and a workforce with the skills and dedication necessary to succeed. He intends to focus particular attention on these market opportunities, and on achieving greater synergies between Jannock's various businesses.

Mr. Walker is married, and he and his wife of 27 years have two grown children.

Operations Overview

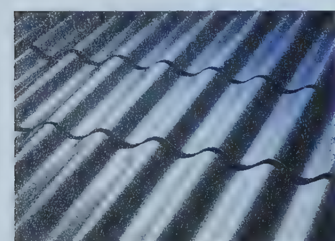
THE VINYL GROUP



The Vinyl Group has turned around the slide in its siding business that began in 1997, and has now begun rebuilding lost volume in this sector. New management in siding operations has substantially reduced costs and improved operating efficiency. In fabricated products, the Group had an excellent year, almost doubling shipments of vinyl windows.

The Group incurred a loss on operations in the first quarter of 1998, but returned to profitability for the balance of the year. The turnaround in siding together with strong growth in fabricated products resulted in a $10.4 million contribution to Jannock's earnings for the full year. This improved performance is continuing into 1999.

THE METAL GROUP



Price pressures and market weaknesses in the forestry, agriculture and municipal infrastructure sectors depressed returns from existing businesses in 1998. Offsetting this were substantial gains in both sales and earnings resulting from the integration of acquisitions. The most important contributor was Associated Building Systems, which was acquired at the end of 1997. Big 'O', acquired in early 1998, also had an excellent year. These acquisitions have greatly strengthened the Group's ability to achieve cost-cutting synergies in operations.

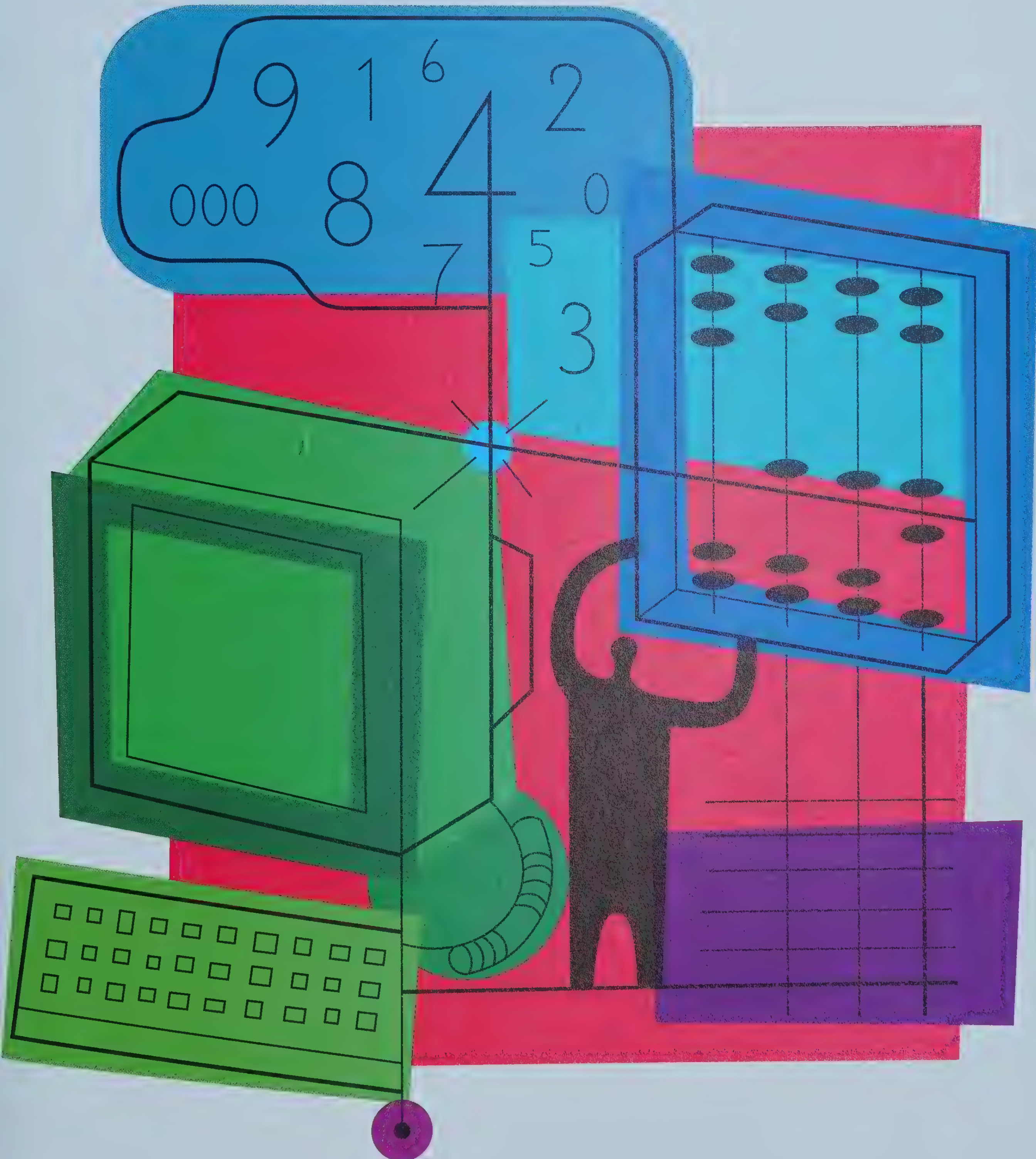
After recording a loss in the first quarter of 1998, the Group recovered quickly over the next three quarters to post year-end earnings of $33.4 million. Largely on the strength of United States volume, Metal Group sales rose by 40.1%, to $743.0 million.

THE BRICK GROUP

Despite some market weakness in Canada, firmer prices and a strong United States market allowed the Brick Group to boost sales by 12.6% and earnings by over 30%. Operating margins were significantly improved in both Canadian and United States businesses. The strength of the United States market was particularly important, allowing sales volume gains in the United States to more than offset declines in Canada. While Canadian shipments were down about 5%, rising United States sales pushed total shipments to 1,180 million bricks, a 1.5% gain over 1997's total of 1,163 million bricks.

Financial Results

and Management's Discussion and Analysis



Management's Discussion and Analysis

Please review this report with the Consolidated Financial Statements and accompanying Notes beginning on page 57. All currency amounts are expressed in Canadian dollars unless otherwise noted.

PROFILE

Jannock Limited is a major manufacturer and distributor of vinyl products, bricks and metal construction products for the North American construction industry. It operates in a number of markets within the overall US$800 billion industry, including: Commercial/Industrial, Agricultural, Infrastructure, New Residential, and Residential Renovation and Repair.

Jannock operates three Business Groups:

• Vinyl Group, a leading supplier of vinyl siding, as well as fabricated products that include fencing, decking, windows and doors, to the New Residential and Residential Renovation and Repair markets.

• Metal Group, one of North America's largest suppliers of metal construction products and engineered building systems, selling to the Commercial/Industrial, Agricultural, Infrastructure, and Residential markets.

• Brick Group, North America's second largest manufacturer of clay brick, supplying the Commercial/Industrial, and New Residential markets.

In addition, the Corporation operates the Jannock Properties division, which is developing some of the industrial sites that had previously been used by the brick manufacturing operations. These properties are being marketed for residential and commercial purposes.

MAJOR TRANSACTIONS

In the past two years, Jannock has completed a number of strategic acquisitions, which have built and strengthened the existing operations, particularly in our Metal Group. In addition, we divested a business, which did not fit into our core business strategy. These transactions are summarized below.

1998

BIG 'O' INC.

In January 1998, the Metal Group completed the acquisition of Big 'O' Inc., of Exeter, Ontario, for $23.6 million. Big 'O' is one of Canada's leading producers of high-density polyethylene corrugated plastic pipe, and manufactures the equipment and tooling to produce high-performance corrugated pipe for the Agricultural and Infrastructure markets. This acquisition complements Metal's existing strength in providing solutions requiring the use of quality pipe products. Big 'O' was accretive to earnings in 1998.

CARADON METAL BUILDING PRODUCTS ("CARADON")

In July 1998, the Metal Group acquired Caradon, for $16.5 million. Caradon manufactures metal roofing and siding for the Canadian Agricultural, Commercial/Industrial markets. The operations have been integrated into VICWEST to further improve service to customers, and particularly to expand its presence in Western Canada. Caradon was accretive to earnings in 1998.

DRENAJES Y TUBERIA CORRUGADA S.A. ("DRETUCO")

In October 1998, the Metal Group acquired DRETUCO, a Guatemala-based manufacturer and distributor of engineered construction products, principally to Infrastructure markets in Central America, for $4.0 million. DRETUCO is a leader in the supply of steel drainage and bridging products, geosynthetics and soil retention systems, and is an excellent strategic fit with the Metal Group. This acquisition represented Jannock's first acquisition outside North America, and follows a long relationship with Armtec, which has been a supplier of finished and semi-finished product to DRETUCO.

1997

ASSOCIATED BUILDING SYSTEMS, INC. ("ABS")

In December 1997, the Metal Group acquired ABS, a leading United States manufacturer of pre-engineered metal buildings for $132.1 million (US$92.4 million). This transaction represented the largest acquisition in Jannock's history, and was a strategic move into the more value-added engineered products line that enjoys higher margins and is less cyclical than the metal components sector markets served by the rest of the Metal Group's businesses. The acquisition broadened the Metal Group's market and geographic diversification in the United States, particularly in the West and Southeast. ABS was accretive to earnings in 1998.

TOLBEC INC.

In May 1997, the Metal Group acquired Tolbec Inc., a Canadian manufacturer and marketer of roofing and siding products for the Agricultural, Commercial/Industrial Construction markets for $4.5 million. Tolbec's operations have been integrated with the operations of VICWEST, further improving the Metal Group's product capabilities and customer service in Quebec and Eastern Ontario.

HOLT CULVERT & METAL PRODUCTS LIMITED ("HOLT")

In April 1997, the Metal Group acquired Holt, a Peterborough, Ontario based manufacturer and marketer of highway drainage products, culverts and metal highway signs for $3.1 million. Holt has been integrated into the operations of Armtec. As a result, we have been able to enhance the quality and timeliness of service to infrastructure construction customers in Eastern Ontario.

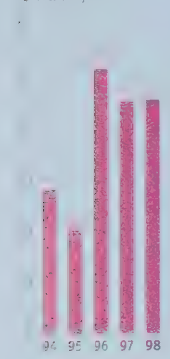
SURVIVOR TECHNOLOGIES, INC.

In April 1997, the Vinyl Group acquired Survivor Technologies, a manufacturer and wholesale and retail distributor of vinyl windows and doors, for $35.8 million (US$25.6 million). The acquisition secured Jannock's strong position among the top ten producers of fabricated vinyl windows and doors in North America.

FERRUM INC.

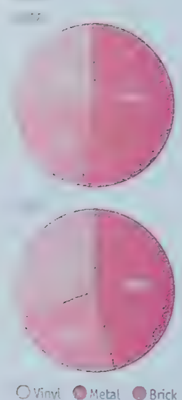
In April 1997, Jannock sold its 50% interest in Ferrum Inc. for net proceeds of $44.6 million, resulting in a net gain after tax of $2.6 million. Ferrum supplies tubular steel products to the North American Automotive, Construction and Industrial markets. The joint venture nature of our investment in Ferrum did not meet our strategic needs. We also believed that the additional capital required to remain at the forefront of the automotive parts industry would be better invested in our core businesses.

Net Earnings
$ millions



CORPORATE OVERVIEW

(millions of Canadian dollars, except per share amounts)	1998		1997	
SALES		% increase		% increase
Vinyl Group	360.3	1.3%	355.6	(0.3)%
Metal Group	743.0	40.1%	530.5	11.9%
Brick Group	302.0	12.6%	268.2	13.7%
Total sales	1,405.3	21.7%	1,154.3	6.5%
OPERATING EARNINGS		% of sales		% of sales
Vinyl Group	10.4	2.9%	8.3	2.3%
Metal Group	33.4	4.5%	30.4	5.7%
Brick Group	51.2	17.0%	39.3	14.7%
Corporate expenses	(11.0)	-	(9.2)	-
Operating earnings before the following	84.0	6.0%	68.8	6.0%
Property Development	(1.0)		(0.3)	
Unusual items	-		9.7	
Total operating earnings	83.0		78.2	
Interest	21.1		14.1	
Income taxes	17.0		22.2	
Net earnings from continuing operations	44.9		41.9	
Discontinued operations	-		2.6	
Net earnings	44.9		44.5	
Earnings per Common share				
Continuing operations	1.30		1.35	
Net earnings	1.30		1.44	



SALES

Jannock reported consolidated sales of $1,405.3 million in 1998, an increase of 21.7% compared to sales of $1,154.3 million in 1997. Vinyl Group contributed $360.3 million, or 25.6% of the total; Metal Group contributed $743.0 million or 52.9% of the total; Brick Group contributed $302.0 million, or 21.5% of the total. The decline in the value of the Canadian dollar relative to the United States dollar accounted for approximately $63.0 million of the overall sales increase. Other factors contributing to the increase in sales were as follows:

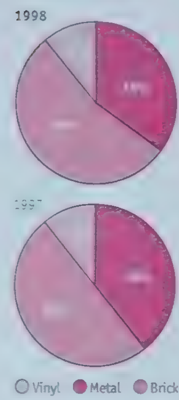
- Vinyl Group sales increased by 1.3%, reflecting increased window shipments offset by a sharp decline in siding shipments and lower average selling prices for siding.
- Metal Group sales increased by 40.1%, which was due to the successful integration of acquisitions made at the end of 1997 and early in 1998, most notably ABS. This was partially offset by decreases in sales due to the negative impacts of low commodity prices and weather related problems on the agricultural markets. The Asian economic crisis also impacted sales to the forestry industry.
- Brick Group sales increased by 12.6%, reflecting higher shipments in the United States and pricing improvements in both Canada and the United States.

OPERATING EARNINGS

Operating earnings were $83.0 million, compared to $78.2 million in 1997. Operating earnings before corporate expenses, net losses from Property Development and unusual items were $95.0 million, an increase of 21.8% from $78.0 million last year. Vinyl Group contributed $10.4 million, or 10.9% of the total; Metal Group contributed $33.4 million, or 35.2% of the total, and Brick Group contributed $51.2 million, or 53.9% of the total. The increase in operating earnings was attributable to a number of factors:

• Vinyl Group operating earnings increased by $2.1 million over last year. This reflects the sales and margin improvement achieved by the fabricated products businesses, as well as significant cost savings achieved in the siding business to offset volume losses.
• Metal Group reported an increase in operating earnings of $3.0 million over 1997. This reflected the positive contribution from acquisitions, offset by a decline in earnings as a result of the sales shortfalls in the existing businesses.
• Brick Group's $11.9 million increase in operating earnings was due to a combination of higher volumes and pricing improvements.
• Corporate expenses increased to $11.0 million, from $9.2 million last year as a result of non-recurring costs.
• Property Development recorded a loss of $1.0 million, compared to a loss of $0.3 million in 1997. Property sales, which we expected to be completed in 1998, have been deferred until 1999.
• There were no unusual items in 1998. In 1997, we recorded an unusual gain of $9.7 million. The net gain in 1997 was the combination of a gain of $15.3 million for our share of the surplus distribution in the Westeel salaried pension plan and the net gain on sale of Celfort assets of $0.9 million, partially offset by charges of $6.5 million recorded when the Vinyl Group closed its Canadian operations.

Operating Earnings*



*Before Corporate expenses, Property Development and Unusual items

INTEREST EXPENSE

Interest expense increased to $21.1 million in 1998 from $14.1 million in 1997. The increase reflected the higher debt levels that arose from the ABS acquisition in December 1997.

INCOME TAXES

The provision for income taxes was $17.0 million, or 27.5% of pre-tax earnings, compared to $22.2 million, or 34.6% of pre-tax earnings in 1997. The decline in the effective tax rate reflects the benefit of tax planning initiatives put in place in prior years.

NET EARNINGS AND EARNINGS PER COMMON SHARE

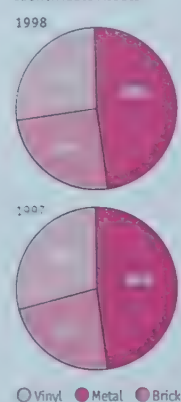
Earnings from continuing operations were $44.9 million, compared to $41.9 million last year. In 1997 earnings from discontinued operations of $2.6 million represented the Corporation's share of earnings from its 50% interest in Ferrum Inc., combined with the gain on sale of this interest in April 1997. Net earnings for 1998 were $44.9 million compared to $44.5 million in 1997.

Earnings per Common share from continuing operations were $1.30 in 1998, compared to $1.35 in 1997. Overall net earnings per Common share were $1.30 in 1998, compared to $1.44 in 1997. The average number of shares outstanding in 1998 was 33.3 million, which was an increase of 3.3 million shares over the average for 1997, largely reflecting the issuance of 4.1 million shares on March 26, 1998.

IDENTIFIABLE ASSETS

(millions of Canadian dollars)	1998	1997
Vinyl Group	252.5	229.3
Metal Group	452.6	380.2
Brick Group	235.5	187.3
Corporate	9.2	18.9
	949.8	815.7
Property Development	66.0	43.8
Total assets	1,015.8	859.5

Identifiable Assets*



*Before Corporate and Property Development

Total assets have increased by $156.3 million, or 18.2%, to $1,015.8 million. The increase reflects the acquisitions made by the Metal Group in 1998, combined with the impacts of a capital expenditure program of $80.6 million and net expenditures on property development assets of $22.2 million. Total assets also increased due to the decline in the value of the Canadian dollar relative to the United States dollar.

SEGMENTED REVIEW OF OPERATING GROUPS

Additional financial information on each of Jannock's three core Business Groups is included on pages 5 to 36 of this report.

Vinyl Group

OPERATING AND FINANCIAL DATA

(millions of Canadian dollars, except where noted)	1998	1997
Siding shipments (thousands of squares)	**3,365**	4,400
Window shipments (thousands of units)	**794**	420
Fence and deck shipments (thousands of pounds)	**25,674**	26,783
Sales	**360.3**	355.6
Operating earnings before unusual items	**10.4**	8.3
Unusual items	**-**	(6.5)
Operating earnings	**10.4**	1.8
Operating margin before unusual items %	**2.9**	2.3
Identifiable assets	**252.5**	229.3
Capital expenditures	**14.7**	15.2
Acquisitions	**-**	35.8
Depreciation and amortization	**21.1**	17.9

The Vinyl Group operates in two distinct business sectors, with very different fundamentals. The vinyl siding industry continues to undergo consolidation, which has resulted in an extremely competitive market in the United States. Overcapacity continues to exist, with the result that pricing has continued to deteriorate. On the other hand, the markets for fabricated vinyl products, including windows, doors, fencing and decking continued to grow in 1998. The Vinyl Group's performance in 1997 and 1998 mirrored these industry trends.

Reported sales increased by 1.3%, however, the increase was entirely due to the decline in the value of the Canadian dollar relative to the United States dollar, as sales in local currency declined by 5.4%. Siding shipments declined by 1,035 thousand squares to 3,365 thousand squares in 1998, as our siding group continued to be impacted by the loss of customers due to acquisitions by competitors and a bankruptcy in 1997. Sales were further impacted by pricing pressures arising from market competition and as a result of a 30% reduction in PVC resin costs, which were passed on in lower prices.

Our fabricated vinyl sales increased due to an 89.0% increase in window shipments to 794 thousand units from 420 thousand units in 1997. The increase in window shipments reflected a full year of contribution from Survivor Technologies, which was acquired in April 1997, as well as a number of successful new product introductions, and new distribution channels into hardware mass merchandisers.

Operating earnings before unusual items were $10.4 million, or 2.9% of sales, compared to $8.3 million, or 2.3% of sales last year. The key factor in the improvement was a number of cost savings initiatives undertaken in the siding businesses to offset the loss of volume. In 1997 an unusual charge of $6.5 million was incurred relating to the closure of our plant in Ontario.

The Vinyl Group recorded a significant turnaround in its results in the last half of 1998, when it recorded operating earnings of $12.0 million. This compares to earnings of $0.9 million in the last half of 1997, and to a loss of $1.6 million in the first half of 1998.

The outlook for the Vinyl Group is for a continuation of the strong turnaround that commenced in the last half of 1998. The siding business is expected to continue to report increased shipments, based on improved customer delivery and service, and earnings are benefiting from the reduced cost base. The windows business will build on the momentum built in 1998 and the success of its retail strategy and new product introductions, resulting in continued improvement in sales and earnings of the fabricated businesses.

Metal Group

OPERATING AND FINANCIAL DATA

(millions of Canadian dollars, except where noted)	1998	1997
Sales	**743.0**	530.5
Operating earnings	**33.4**	30.4
Operating margin %	**4.5**	5.7
Identifiable assets	**452.6**	380.2
Capital expenditures	**19.9**	17.0
Acquisitions	**44.1**	139.7
Depreciation and amortization	**19.2**	7.4

The Metal Group operates a number of companies in Canada and the United States, most of which have clear leadership positions in their respective market sectors. In 1998, the environment for our metal businesses was generally quite weak, as a number of negative factors combined to put pressure on our customers in the agricultural, forestry and infrastructure markets. Offsetting these negative factors, was the positive impact of the acquisitions made in 1997 and 1998. In particular, the addition of ABS to the Metal Group has allowed us to participate in the continuing trend of convergence of the more traditional, commodity-oriented metal components businesses with the more value-added engineered building systems businesses.

Overall, our agricultural, forestry, and oil and gas customers were variously impacted by adverse weather conditions, weak farm incomes, the Asian economic crisis and low commodity prices. Also, infrastructure spending was generally deferred in many Ontario municipalities. These factors combined to reduce demand in our storage bins, drainage and metal component agricultural businesses.

Metal Group's sales increased by 40.1% to $743.0 million compared to $530.5 million in 1997. In the United States, VICWEST's sales were flat, while ABS made a major contribution in its first full year of operation. In Canada, overall sales were flat as decreases at VICWEST, Armtec and Westeel were offset by the integration of Caradon into VICWEST, and the addition of Big 'O' sales.

Operating earnings for the Metal Group increased to $33.4 million from $30.4 million last year. In Canada, operating earnings declined, although all but one operating unit remained profitable. In the United States, ABS had a record year in profitability as it continued to leverage its technological advantages in offering a higher complexity product line. VICWEST had lower operating earnings reflecting the recessionary conditions in its Pacific Northwest markets brought about by poor weather, the Asian economic crisis, and higher costs incurred when its Danville, Kentucky plant was closed due to snow damage. VICWEST completed three new greenfield plants during the year. In addition, VICWEST and ABS each benefited from the synergies of their increased size in steel purchasing.

In December, we purchased the exclusive North American rights to manufacture and distribute Thermasteel framing components. These components have the potential to displace wooden studs in residential applications.

The outlook for the Metal Group is for continued growth in sales and operating income. In Canada, while only modest improvement is expected in the infrastructure, forestry and agricultural market sectors, 1999 results will benefit from a full year of both the Caradon and DRETUCO acquisitions, the merging of the Big 'O' and Armtec businesses and new product and market initiatives already underway at Armtec and Westeel. In the United States, ABS sales will continue to build and profitability should continue to benefit from investment in new machinery and upgrading of computer systems. ABS and VICWEST should continue to benefit from the synergies afforded by the convergence of their businesses and the centralization of steel buying.

Brick Group

OPERATING AND FINANCIAL DATA

(millions of Canadian dollars, except where noted)	1998	1997
Shipments (millions of bricks)	**1,180**	1,163
Sales	**302.0**	268.2
Operating earnings	**51.2**	39.3
Operating margin %	**17.0**	14.7
Identifiable assets	**235.5**	187.3
Capital expenditures	**45.9**	20.5
Depreciation and amortization	**15.3**	14.1

The brick business is highly leveraged to the level of housing starts in the Brick Group's primary markets in Canada and the United States. In 1998, housing starts in Ontario remained steady at 53,830, but fell by 11% in Quebec to 23,138. In the United States, housing starts increased by 10% to 1.62 million.

Total Brick Group shipments increased by 1.5% to 1,180 million bricks in 1998 compared to 1,163 million bricks in 1997. Shipments in the United States increased by 4.2% to 855 million bricks. In Canada shipments declined by 5.2% to 325 million bricks as a result of summer building trade strikes in Ontario.

The Brick Group's sales increased by 12.6% to $302.0 million compared to $268.2 million in 1997. United States sales grew by 16.7% to $221.7 million, compared to $190.0 million last year. The increase reflects the benefit of higher shipments combined with improved selling prices, along with the benefit of the decline in the value of the Canadian dollar relative to the United States dollar. Canadian brick sales increased by 2.7%, to $80.3 million, as the decline in shipments was more than offset by an increase in the average selling price.

The Brick Group's operating earnings increased by 30.3% to $51.2 million, compared to $39.3 million in 1997, with strong improvements being achieved in both Canada and the United States.

In the United States, operating earnings were $38.0 million, an increase of 31.9% compared to 1997, and the fifth consecutive year of record earnings. The operating margin was 17.1%, compared to 15.2% in 1997. The increase in operating earnings reflects the sales gains and the impact of decline in the value of the Canadian dollar.

In Canada, operating earnings were $13.2 million, an increase of 25.7% compared to 1997. The operating margin was 16.4%, up from 13.4% in 1997. The improvement was due to the higher average net sales pricing and maintaining tight control over production costs.

Capital spending in 1998 was $45.9 million, compared with $20.5 million in 1997. The 1998 figure included $30.3 million for new production capacity.

The outlook for the Brick Group continues to be very favourable. In 1999, housing starts in Ontario and Quebec are expected to grow, due to continuing economic growth, low interest rates, and an improved employment situation. In the United States, housing starts in the key Southern states in which we operate are also expected to remain strong. Operating margins are expected to continue to improve as a result of higher sales and capacity utilization levels, firm pricing and a continuing focus on cost management. In addition, a new plant at Elgin, Texas is expected to make its first shipments of brick in the second quarter of 1999.

Jannock Properties

OPERATING AND FINANCIAL DATA

(millions of Canadian dollars)	1998	1997
Operating loss	**(1.0)**	(0.3)
Identifiable assets	**66.0**	43.8
Net property development expenditures	**22.2**	5.8

Jannock owns major tracts of land in prime residential areas of Southern Ontario, including sites in Mississauga, Burlington, Milton and Niagara-on-the-Lake. All of these sites are licensed for the extraction of the shale used in the manufacture of clay brick. Jannock assesses the value of the land no longer needed for manufacturing operations, and determines its economic potential as residential, commercial or industrial development property.

In 1998, Jannock Properties recorded an operating loss of $1.0 million compared to an operating loss of $0.3 million in 1997. These losses reflected administrative costs only, with no revenue recognition in 1998. Cash used for development expenditures was $22.2 million, compared to $5.8 million in 1997. Sales that were anticipated to close in 1998 have all been deferred to 1999.

Jannock Properties is expected to make a strong contribution to operating earnings and cash flow in 1999.

CAPITAL RESOURCES AND LIQUIDITY

CONSOLIDATED CASH FLOW

(millions of Canadian dollars)	1998	1997
Cash provided by operating activities	**88.4**	60.3
Cash provided by financing activities	**53.8**	75.2
Cash used for investing activities	**(139.4)**	(176.4)
Proceeds on disposal of discontinued operations	**-**	44.6
Foreign exchange gain	**0.9**	2.6
Increase in cash and equivalents net of bank indebtedness	**3.7**	6.3

In 1998, Jannock reported cash flow from operating activities of $88.4 million, compared to $60.3 million in 1997. The increase was largely attributable to higher operating earnings before the unusual pension gain in 1997. In addition, Jannock continued to tightly control its working capital needs. The incremental investment in working capital was $10.6 million in 1998, compared to $18.4 million in 1997.

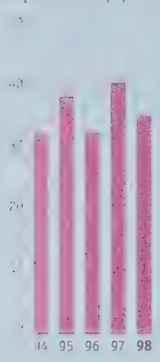
Financing activities generated net cash of $53.8 million, largely reflecting the impact of the March equity issue, which raised net proceeds of $79.8 million. In 1997, financing activities provided $75.2 million of cash, largely due to the increase of $94.8 million in long-term debt, which was used to finance the ABS acquisition.

Investing activities used $139.4 million of cash, the largest components of which were $42.2 million for the cost of acquisitions, $80.6 million of additions to fixed assets, and $22.2 million of net property development expenditures. In 1997, net cash used for investing activities was $176.4 million. Acquisitions of $175.5 million and capital expenditures of $53.2 million were partly offset by proceeds received on the sale of investments of $28.9 million and proceeds from the pension surplus of $24.2 million.

WORKING CAPITAL

Working capital increased to $204.6 million, compared to $170.1 million in 1997. The increase reflects higher sales levels at the end of 1998 relative to 1997, combined with the impact of the decline in the value of the Canadian dollar relative to the United States dollar in 1998.

Net Debt to Total Capitalization (%)



LONG-TERM DEBT AND FINANCIAL INSTRUMENTS

At December 31, 1998, Jannock's ratio of net debt to capitalization was 34%, compared to 40% at the end of 1997. Net debt is defined as the Corporation's interest-bearing debt after deducting cash and equivalents, and capitalization is defined as the Corporation's total equity including the Second Preference shares, plus net debt. The Corporation's goal is to maintain a strong financial position, and to keep this ratio at or below 35%. The increase last year reflected debt incurred late in 1997 to finance the acquisition of ABS.

The Corporation's major long-term debt comprises bonds denominated in United States dollars totaling US$107.0 million. The bonds have maturity dates of 2001 (US$45.0 million), 2003 (US$30.0 million) and 2006 (US$32.0 million), and have effective interest rates from 7.00% to 7.52% per annum.

In addition, we have a $300.0 million unsecured credit facility, which is used to finance operations and acquisitions. At the end of 1998, we had used $107.5 million of this facility, compared to $110.1 million at the end of 1997.

Our long-term debt has been rated by the Dominion Bond Rating Service (DBRS) as BBB (high) and has also been awarded an A rating by Canadian Bond Rating Service (CBRS).

Another source of debt capital is a $100 million commercial paper program, which has been rated R-2 high by DBRS and A-1 low by CBRS. Our commercial paper consists of short-term promissory notes and other negotiable instruments. We have not used the commercial paper program to raise capital since 1992.

Shareholders' Equity ($ millions)

SHAREHOLDERS' EQUITY

Shareholders' equity at December 31, 1998 was $508.9 million, an increase of $130.6 million compared to the prior year. The increase in equity reflected net earnings in excess of dividends of $26.7 million, an increase in the foreign currency translation adjustment account of $19.7 million, and a net increase of $84.4 million in Common share capital.

Common shares outstanding increased to 34,472,711 at December 31, 1998, compared to 30,292,061 at December 31, 1997. On March 26, 1998, the Corporation issued 4,070,000 Common shares at $20.50 per share, for aggregate net cash proceeds of $79.8 million. The proceeds were used to pay down debt that had arisen from the acquisition of ABS in December 1997. In January 1998, 102,121 Common shares valued at $1.9 million were issued as partial consideration for the acquisition of Big 'O' Inc.

MANAGING RISK

CYCLICAL BUSINESS

The building products industry in North America is cyclical, with the most cyclical market sector being New Residential Construction. Jannock's earnings levels are dependent on the level of construction activity that takes place in the markets we serve. We have managed this risk through diversification across a number of construction market sectors, and geographic markets. More recently, increased investment in our Metals Group should smooth our cyclicality, since its market sectors of Infrastructure, Commercial/Industrial, and Agricultural are inherently less cyclical than New Residential Construction, and because it operates in markets across North America.

RAW MATERIAL COSTS AND SUPPLIER RISK

The most important commodities whose pricing can impact Jannock's earnings are polyvinyl chloride (PVC) resin and steel.

The Vinyl Group uses PVC resin as a primary input material. PVC is used primarily for pipe, siding, windows, flooring and other products used in residential and commercial construction. Occasionally, prices for PVC resin can rise rapidly, and the Vinyl Group is unable to pass the increase through to its customers in time to avoid a decline in margins. To reduce this risk, wherever possible, the Vinyl Group uses the combined buying power of its subsidiary companies to negotiate stable pricing for raw materials.

The Metal Group uses steel as its primary raw material. Like most commodities, steel prices rise and fall according to demand and availability. Usually, the market price for steel-based products follows closely the price of the raw materials from which they are made. The Metal Group uses its strong buying power to build relationships with its suppliers to ensure that the steel it requires is constantly available at stable and competitive prices. In Canada, the Metal Group also optimizes its material costs by purchasing over half of its Canadian steel requirements from a single supplier. The supplier has negotiated long-term labour contracts and maintains inventories of products. In the event of supply disruption, the Metal Group would be able to obtain its requirements from other North American or offshore suppliers, but would incur some cost penalties in this event.

INTEREST RATES AND CURRENCY RISK

At the end of 1998, approximately 60.0% of our long-term debt was fixed-rate United States dollar denominated debt. Accordingly, our debt position is not highly vulnerable to significant interest rate risk.

Construction industry markets are negatively affected by rising interest rates and positively affected by declining interest rates. For this reason, a continuation of current lower interest rates in both Canada and the United States is expected to result in further strengthening of our markets, particularly New Residential Construction.

Currency risk is not a significant factor. At the end of 1998, 89.7% of our debt was denominated in United States dollars; this reduces the effect that currency fluctuations might otherwise have on our operations in the United States. In addition, the Corporation is not a significant exporter. While we operate in both Canada and the United States our businesses serve local and regional markets.

YEAR 2000

"Year 2000" is a term used to refer to the potential computer hardware and software implication associated with the arrival of the new millennium. On January 1, 2000, unadjusted computers will designate the year as "00", possibly resulting in major systems failures or data losses.

With the help of external consultants, we have conducted a company-wide evaluation of internal systems that utilize computer technology. Action plans have either been completed, or are currently in place to address areas that do not comply. Equipment and software upgrades are being installed where deemed appropriate. We have also prepared an inventory of outside business partners and have made inquiries to determine their Year 2000 readiness.

The Corporation has established internal targets that should result in Year 2000 readiness sufficiently in advance of December 31, 1999. Provisions have been made to allow for unforeseen problems or for unexpected delays in taking corrective actions. We are not aware of any significant internal situations relating to Year 2000 issues that cannot be appropriately dealt with in a timely fashion.

Costs solely associated with Year 2000 initiatives are being expensed as they are incurred. Costs related to machinery, equipment and software upgrades or replacements that have operational benefits apart from Year 2000 compliance are being expensed or capitalized in accordance with the Corporation's usual accounting practices in that regard. Costs expensed on Year 2000 projects in 1998 amount to $1.5 million. We currently do not expect that future costs of Year 2000 compliance will have a material impact on our results.

OTHER RISKS

Jannock's policy is to comply in all material ways with applicable laws and regulatory standards in operating our facilities and businesses. This serves to limit the risk of liability for environmental damage and cleanup costs that may arise from our operating practices. We have not found the costs of complying with these standards to be significant, nor do we expect them to be so in the years ahead.

Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31 (millions of Canadian dollars, except per share amounts)	1998	1997
SALES (Note 14)	1,405.3	1,154.3
Operating costs	1,321.3	1,085.5
OPERATING EARNINGS BEFORE THE FOLLOWING	84.0	68.8
Net losses from Property Development	(1.0)	(0.3)
Unusual items (Note 8)	-	9.7
OPERATING EARNINGS	83.0	78.2
Interest expense on short-term debt	0.1	1.2
Interest expense on long-term debt	21.0	12.9
EARNINGS BEFORE INCOME TAXES	61.9	64.1
Provision for income taxes (Note 9)	17.0	22.2
EARNINGS FROM CONTINUING OPERATIONS	44.9	41.9
Discontinued operations (Note 1)	-	2.6
NET EARNINGS FOR THE YEAR	44.9	44.5
EARNINGS PER COMMON SHARE (Note 7)		
Continuing operations	1.30	1.35
Net earnings	1.30	1.44

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended December 31 (millions of Canadian dollars)	1998	1997
RETAINED EARNINGS, BEGINNING OF YEAR	202.2	174.3
Net earnings for the year	44.9	44.5
	247.1	218.8
DIVIDENDS		
Second Preference shares	1.5	1.5
Common shares	16.7	15.1
	18.2	16.6
RETAINED EARNINGS, END OF YEAR	228.9	202.2

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

As at December 31 (millions of Canadian dollars)	1998	1997
ASSETS		
CURRENT ASSETS		
Cash and equivalents	16.1	17.8
Accounts receivable	223.8	187.8
Inventories (Note 4)	163.9	144.2
Prepaid expenses and other current assets	15.3	8.3
Income taxes receivable	-	3.6
	419.1	361.7
FIXED ASSETS (Note 5)	319.6	258.1
PROPERTY DEVELOPMENT ASSETS	63.4	41.2
OTHER ASSETS	1.9	2.3
GOODWILL AND OTHER INTANGIBLE ASSETS	211.8	196.2
	1,015.8	859.5
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	-	5.4
Accounts payable and accrued liabilities	207.0	180.9
Income taxes payable	1.7	-
Current portion of long-term debt (Note 6)	0.9	0.9
Dividends payable	4.9	4.4
	214.5	191.6
LONG-TERM DEBT (Note 6)	272.1	264.8
DEFERRED CREDITS	10.7	12.0
DEFERRED INCOME TAXES	9.5	11.8
MINORITY INTEREST	0.1	1.0
	506.9	481.2
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)		
Second Preference shares	18.3	18.5
Common shares	224.0	139.6
	242.3	158.1
RETAINED EARNINGS	228.9	202.2
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	37.7	18.0
	508.9	378.3
	1,015.8	859.5

See accompanying Notes to Consolidated Financial Statements

Signed on behalf of the Board

R. Jay Atkinson

R. JAY ATKINSON
Director

ROY F. BENNETT
Director

CONSOLIDATED CASH FLOW STATEMENTS

For the years ended December 31 (millions of Canadian dollars)	1998	1997
OPERATING ACTIVITIES		
Earnings from continuing operations	44.9	41.9
Items not affecting cash		
Depreciation	41.9	33.3
Amortization	13.8	6.6
Deferred income taxes	(0.7)	12.1
Gain on sale of business	-	(0.9)
Gain from pension surplus	-	(15.3)
Other	(0.9)	1.0
	99.0	78.7
Net (increase) decrease in non-cash working capital		
Accounts receivable	(17.2)	(6.4)
Inventories	(1.3)	9.3
Prepaid expenses and other current assets	(4.8)	3.5
Accounts payable and accrued liabilities	6.8	(17.7)
Current taxes payable/receivable	5.4	(7.1)
Dividends payable	0.5	-
	(10.6)	(18.4)
Cash provided by operating activities	88.4	60.3
FINANCING ACTIVITIES		
Issue of shares	82.5	0.2
Redemption of shares	(0.3)	-
Dividends	(18.2)	(16.6)
Net change in long-term debt	(7.7)	94.8
Other	(2.5)	(3.2)
Cash provided by financing activities	53.8	75.2
INVESTING ACTIVITIES		
Cash used for acquisitions (Note 2)		
Cost of acquisitions	(41.5)	(175.1)
Debt assumed on acquisitions	(0.7)	(0.4)
Cost of assets acquired	(42.2)	(175.5)
Proceeds received on sale of investments	-	28.9
Proceeds from pension surplus	-	24.2
Proceeds on disposal of fixed assets	7.1	4.2
Additions to fixed assets	(80.6)	(53.2)
Additions to goodwill and other intangible assets	(2.2)	-
Net property development	(22.2)	(5.8)
Other	0.7	0.8
Cash used for investing activities	(139.4)	(176.4)
Proceeds on disposal of discontinued operations (Note 1)	-	44.6
Foreign exchange gain	0.9	2.6
Increase in cash	3.7	6.3
CASH AND EQUIVALENTS NET OF BANK INDEBTEDNESS		
Beginning of year	12.4	6.1
End of year	16.1	12.4

See accompanying Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

For the years ended December 31, 1998 and 1997. All currency amounts are expressed in Canadian dollars unless otherwise noted.

SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. Acquisitions are accounted for by the purchase method and accordingly the results of operations of subsidiaries are included from the dates of acquisition.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

FIXED ASSETS

Fixed assets are carried at cost less accumulated depreciation. Depreciation, which is based on management's estimate of the asset's useful life, is provided on a straight-line basis at annual rates of 5% for buildings and 5% to 33% for equipment and other fixed assets.

GOODWILL

Goodwill is the excess of the cost of investment in subsidiaries over the assigned value of net assets acquired. Goodwill is amortized on a straight-line basis over its estimated life ranging from 5 years to 20 years.

Periodically the carrying value of goodwill is reviewed by the Corporation by considering the expected future cash flows of the related businesses. Any permanent impairment in the value of goodwill is written off against earnings.

BOND PURCHASE WARRANTS

Deferred credits on exercised bond purchase warrants are amortized against long-term interest expense on a straight-line basis over the period to maturity of the related bond debt.

PENSION COSTS AND OBLIGATIONS

Substantially all employees are covered by either defined contribution or defined benefit pension plans. The Corporation's pension benefit obligations under the defined contribution plans are determined by the cash payments required each year and are recorded as pension expense in the same year. The Corporation's pension benefit obligation under defined benefit plans is determined annually by independent actuaries using management's assumptions and the accrued benefit method. Pension expense or recovery includes benefits provided in exchange for employees' services rendered in the current period, amortization of past service costs, experience gains and losses arising on changes in assumptions, and gains or losses on plan settlements or curtailments. Deferred pension credits are included in deferred credits on the consolidated balance sheets.

POST-EMPLOYMENT BENEFITS

Post-employment benefits such as major medical and life insurance are provided to some employees. Costs of these benefits are charged to earnings as payments are made.

INCOME TAXES

The tax allocation method is used in accounting for income taxes whereby timing differences between income and expenses reported in the financial statements and income and expenses reported for tax purposes result in deferred income taxes.

TRANSLATION OF FOREIGN CURRENCIES

Income and expenses in United States currency are translated to Canadian dollars at rates approximating the average rates of exchange during the year.

Assets and liabilities of self-sustaining foreign operations in the United States and the Corporation's United States dollar denominated debt are translated to Canadian dollars at the rate of exchange in effect at the year-end. The United States dollar denominated debt is designated as a hedge against the net investment in the United States operations. Exchange differences arising on translation of the balance sheets of the United States operations and the Corporation's United States dollar denominated debt are taken to the foreign currency translation adjustment account in the shareholders' equity section of the consolidated balance sheets.

Strengthening of the Canadian dollar decreases the balance in the foreign currency translation account and conversely, weakening of the Canadian dollar increases the balance in this account.

SALE OF PROPERTY HELD FOR DEVELOPMENT

The Corporation sells developed lots to builders with a down payment and the balance owing to the Corporation is secured by a short-term first mortgage on the property. This method of sale is the accepted practice in the industry and provides temporary financing to the house builder. Due to the uncertainty of the ultimate sale, the Corporation does not recognize the net gain until the builder, concurrent with the sale of the completed unit, repays the mortgage held by the Corporation.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities in the consolidated balance sheet approximate fair values due to the short-term maturities of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The reported amount of variable rate long-term debt instruments is estimated to approximate fair values as rates are tied to short-term indices. The reported amount of fixed rate long-term debt instruments is estimated to approximate fair values as actual rates are consistent with rates estimated to be currently available for debt of similar terms and remaining maturities.

CASH FLOW STATEMENTS

The Corporation has adopted the Canadian Institute of Chartered Accountants new policy on the presentation of cash flow statements. 1997 figures have been reclassified to comply with the policy.

BASIS OF PRESENTATION

The financial statements and the notes thereto are prepared in accordance with accounting principles generally accepted in Canada which do not vary in material respects from accounting principles generally accepted in the United States. A reconciliation of the net earnings to comprehensive income in accordance with the United States Financial Accounting Standard No. 130 is disclosed in Note 13.

1. DISCONTINUED OPERATIONS

Effective April 25, 1997, the Corporation sold its 50% interest in Ferrum Inc. As a result, the Corporation's investment in Ferrum Inc. has been accounted for as a discontinued operation. The net proceeds on the sale were $44.6 million resulting in a net gain after tax of $2.6 million.

2. BUSINESS ACQUISITIONS

Effective October 1, 1998, the Corporation acquired Drenajes y Tuberia Corrugada S.A. ("DRETUCO") for cash consideration of $3.3 million and the assumption of $0.7 million of debt. Additional cash consideration may be payable in 1999 based on a formula of DRETUCO's net earnings during its first year of ownership by the Corporation. DRETUCO is a Guatemalan manufacturer and distributor of engineered construction products for infrastructure markets in Central America.

Effective July 14, 1998, the Corporation acquired the net operating assets and business of Caradon Metal Building Products ("Caradon") for cash consideration of $16.5 million. Caradon manufactures metal roofing and siding for the Canadian agricultural, commercial and industrial construction markets.

Effective January 30, 1998, the Corporation acquired Big 'O' Inc. for $23.6 million. The acquisition was paid for by a combination of $21.7 million of cash and the issuance from treasury of 102,121 common shares of the Corporation, valued at $1.9 million. Big 'O' Inc. is a Canadian producer of high-density polyethylene corrugated plastic pipe for agricultural and infrastructure markets.

Effective December 22, 1997, the Corporation acquired Associated Building Systems, Inc., a United States manufacturer of pre-engineered metal buildings for cash consideration of $132.1 million (US$92.4 million).

Effective May 22, 1997, the Corporation acquired the operating assets and business of Tolbec Inc. for cash consideration of $4.5 million. Tolbec manufactures and markets metal roofing and siding products in Canada.

Effective April 29, 1997, the Corporation acquired Survivor Technologies, Inc., a United States supplier of vinyl windows and doors for consideration of $35.8 million (US$25.6 million), including $35.4 million (US$25.3 million) of cash.

Effective April 23, 1997, the Corporation acquired Holt Culvert & Metal Products Limited ("Holt") for cash consideration of $3.1 million. Holt manufactures and markets highway drainage, culvert products, and signs in Canada.

The net assets acquired and consideration given for these acquisitions are summarized as follows:

(millions of Canadian dollars)	**1998**	1997
Net assets acquired at fair values		
Net working capital	**12.5**	18.2
Fixed assets	**13.6**	30.2
Investments	**0.2**	-
Deferred income taxes	**(0.9)**	(0.3)
Goodwill	**18.7**	127.4
	44.1	175.5
Consideration		
Debt obligations assumed	**0.7**	0.4
Cash	**41.5**	175.1
	42.2	175.5
Common shares issued	**1.9**	-
	44.1	175.5

3. CASH FLOW STATEMENTS

Cash provided by operating activities includes the following:

(millions of Canadian dollars)	1998	1997
Interest paid	22.5	15.6
Income taxes paid	12.5	18.3

4. INVENTORIES

(millions of Canadian dollars)	1998	1997
Raw materials and supplies	77.5	69.2
Work in process	6.3	7.3
Finished goods	80.1	67.7
	163.9	144.2

5. FIXED ASSETS

	1998			1997		
(millions of Canadian dollars)	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land	49.7	5.3	44.4	48.1	4.7	43.4
Buildings	132.9	57.2	75.7	119.7	52.5	67.2
Equipment	430.3	287.9	142.4	392.0	273.6	118.4
Other	28.8	17.8	11.0	25.1	16.1	9.0
Construction in progress	46.1	-	46.1	20.1	-	20.1
	687.8	368.2	319.6	605.0	346.9	258.1

6. LONG-TERM DEBT

(millions of Canadian dollars)	1998	1997
Bonds US$107.0 million, three series maturing in 2001 to 2006 with effective rates from 7.00% to 7.52% per annum	163.7	153.0
Revolving term loans of $26.4 million and US$53.0 million (1997 – US$77.0 million) maturing in 2002 at varying rates of interest based on Libor	107.5	110.1
Other	1.8	2.6
	273.0	265.7
Less principal payments due within one year	0.9	0.9
	272.1	264.8

In September of 1997 the Corporation's unsecured $300 million revolving term credit agreement was amended to include the Metal Group as part of the Corporation's overall credit facility and to extinguish the separate financing arrangement for the Metal Group.

Payments of principal required during the next five years are:

(millions of Canadian dollars)

1999	2000	2001	2002	2003
0.9	0.4	69.2	107.6	45.9

7. SHARE CAPITAL

(a) Authorized

Unlimited number of Common shares.

3,000,000 First Preference shares issuable in series.

1,299,472 Cumulative Redeemable Second Preference shares with a dividend rate of $1.20. These shares are redeemable at $17.00 per share and may be purchased for cancellation from a $0.3 million annual purchase fund. These shares carry no voting rights until six quarterly dividends are in arrears.

8,000,000 Third Preference shares issuable in series. Each series shall be issued for a consideration of either $25.00 (Canadian) or $25.00 (US) as determined by the Board of Directors of the Corporation.

1,000,000 Non-voting Fourth Preference shares issuable in series. These shares are convertible into Common shares at the option of the holder based on a formula that takes into consideration the market value of the Corporation's Common shares on The Toronto Stock Exchange on the last day of trading preceding the date of issue and the market value on the last day of trading preceding the date of the election to convert.

(b) Reservations of share capital

440,000 Common shares are reserved for issuance under the 1976 share purchase plan for employees. The purchase price of the Common shares is market value on the last business day preceding the date of issue.

975,137 Common shares are reserved for issuance under the 1995 stock option plan for employees. The purchase price of the shares is the average of the daily average of the high and low board lot trading prices on The Toronto Stock Exchange for the five trading days preceding the date the options were granted.

86,456 Common shares are reserved under the director's alternate compensation plan. The shares are issued at a price calculated as the average of the daily average of the high and low board lot trading prices on The Toronto Stock Exchange for the last five trading days of each quarter in which the director is entitled to compensation.

200,000 Common shares are reserved under the 1997 directors' stock option plan. The purchase price of the shares is the average of the daily average of the high and low board lot trading prices on the Toronto Stock Exchange for the five trading days preceding the date the options were granted.

(c) Issued and fully paid as at December 31

	1998 (number of shares)	1997	**1998** (millions of Canadian dollars)	1997
Second Preference shares	**1,219,620**	1,234,820	**18.3**	18.5
Fourth Preference shares	**159,000**	174,000	**-**	-
Common shares	**34,472,711**	30,292,061	**224.0**	139.6

(d) Changes

The Corporation purchased for cancellation 15,200 Second Preference shares which had been issued for $17.00 per share at a cash cost of $17.00 per share.

The Corporation converted 15,000 Fourth Preference shares into 4,247 Common shares at a market value of $21.10 per share.

On March 26, 1998, the Corporation issued 4,070,000 Common shares at $20.50 per share for aggregate net cash proceeds of $79.8 million.

On January 30, 1998, the Corporation issued 102,121 Common shares valued at $1.9 million as partial consideration for the acquisition of Big 'O' Inc.

Under the director's alternate compensation plan 4,282 Common shares were issued at an average price of $18.42 per share (1997 – 3,482 Common shares at an average price of $20.49 per share).

(e) Common share options issued and outstanding as at December 31

Exercise price	1998	1997
	(number of options)	
$15.01	**142,900**	142,900
$13.55	**167,537**	167,537
$18.77	**120,000**	120,000
$17.42	**157,500**	157,500
$18.19	**45,000**	45,000
$20.33	**25,000**	-
$13.98	**177,800**	-
$16.55	**13,500**	-
	849,237	632,937

During 1998 the Corporation granted 25,000 and 177,800 options to certain officers to purchase Common shares at exercise prices of $20.33 and $13.98, respectively (1997 – 157,500 options granted at a price of $17.42) and 13,500 options to certain eligible directors to purchase Common shares at an exercise price of $16.55 (1997 – 45,000 options were granted at a price of $18.19). The options have a term of 10 years. Twenty-five percent of the options issued to a participant at any one time will become exercisable at the end of each of the first four years following the grant of the options.

(f) Loans receivable from officers and employees of $3.3 million (1997 – $5.9 million) under the Corporation's share purchase plan have been deducted from issued Common shares. The loans are non-interest bearing and non-recourse, secured by 176,726 Common shares and 159,000 Fourth Preference shares (1997 – 311,592 Common shares and 174,000 Fourth Preference shares) issued under the Corporation's share purchase plans. The market value of the shares at December 31, 1998 was $2.7 million (1997 – $6.4 million). The loans are repaid out of a portion of the dividends paid on the shares and mature at various dates between 1999 and 2005. At the December 31, 1998 market value, the Fourth Preference shares would not be convertible to Common shares.

(g) Restrictions exist on the payment of Common share dividends under the provisions attached to the bond debt. At current and projected operating and economic levels, these restrictions are not expected to prevent the payment of normal cash dividends.

(h) Earnings per share are calculated using the weighted average number of shares outstanding for the year. The earnings per share impact of converting all outstanding options is not materially dilutive.

8. UNUSUAL ITEMS

In November of 1997 the Metal Group received its share of the surplus in the Westeel salaried pension plan. The proceeds received were $24.2 million resulting in a gain of $15.3 million ($9.1 million after tax).

In 1997 the Vinyl Group suspended operations at its Mississauga, Ontario vinyl siding plant to adjust the Vinyl Group's overall production capacity to North American market demands. A charge to earnings of $6.5 million ($3.9 million after tax) was recorded in respect of severances, fixed asset write downs and equipment relocation.

During 1997 the Corporation completed the liquidation of the remaining assets of Celfort Construction Materials Inc., which is 80% owned by the Corporation, resulting in a gain for Jannock of $0.9 million ($0.7 million after tax).

9. INCOME TAXES

The variations from the basic statutory income taxes and the Corporation's effective income tax provisions are as follows:

(millions of Canadian dollars)	**1998**	1997
Income tax provision at statutory rates	**27.0**	27.3
Permanent differences	**(1.6)**	(0.6)
Benefit of prior losses not previously recorded	**(0.2)**	(0.9)
Effect of lower foreign tax rates	**(8.5)**	(3.9)
Large corporation tax	**0.3**	0.3
	17.0	22.2

The current tax expense and deferred tax recovery for the year were $17.7 million and $0.7 million, respectively (1997 – $11.2 million current expense and $11.0 million deferred expense).

10. PENSION COSTS AND OBLIGATIONS

The actuarial present value of accrued pension benefits attributed to services rendered prior to December 31, 1998 is estimated to be $25.6 million (1997 – $31.0 million).

The estimated market-related value of pension fund assets available to meet these obligations as at December 31, 1998 was $23.5 million (1997 – $29.4 million).

11. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments are as follows:

(millions of Canadian dollars)

1999	2000	2001	2002	2003
9.8	8.0	6.5	5.2	3.9

(b) Capital expenditures committed at December 31, 1998 amounted to $10.3 million.

(c) At December 31, 1998, there were letters of credit outstanding amounting to $32.8 million drawn on the Corporation's unsecured $300.0 million revolving term agreement and on a $25.0 million uncommitted operating loan.

(d) During 1992, a former 50% shareholder of Lantic Sugar Limited ("Lantic Sugar") filed an action demanding payment from the Corporation of $15.4 million together with interest and expenses of $2.2 million, in respect of the sale by the Corporation to The British Columbia Sugar Refining Company, Limited ("BC Sugar") of the initial 50% interest in Lantic Sugar. The former shareholder has also stated that it has a right to claim 90% of any payment made by BC Sugar to the Corporation pursuant to an indemnification provision in the agreement of purchase and sale between the two parties as part of the consideration for the shares of Lantic Sugar. The Corporation, under an indemnification provision in the purchase agreement between the Corporation and BC Sugar, is indemnified by BC Sugar for the amount, if any, of any claim, expense, payment, loss, damage or liability suffered or incurred by the Corporation in excess of $250,000.

Management is of the opinion that the claim of the former shareholder is without merit, however, should the former shareholder be successful in all or any part of the claim, management is of the opinion the indemnification from BC Sugar would protect the Corporation from damages in excess of $250,000.

12. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

13. STATEMENT OF COMPREHENSIVE INCOME

The United States Financial Accounting Standard No. 130 requires the presentation of a statement of comprehensive income. The following is a reconciliation of net earnings to comprehensive income:

(millions of Canadian dollars)	**1998**	1997
Net earnings	**44.9**	44.5
Foreign currency translation gains net of hedge losses	**19.7**	7.0
Comprehensive income	**64.6**	51.5

14. SEGMENTED DATA

The Corporation operates in Canada and the United States in building products industries. The major business segments are the manufacture of vinyl, metal and brick products. The corporate and other segment includes a division which is developing property for sale.

Operations and identifiable assets by industry segment and geographic region are presented below.

(a) Industry Segments:

	Vinyl		Metal		Brick		Corporate and Other		Total	
(millions of Canadian dollars)	**1998**	1997	**1998**	1997	**1998**	1997	**1998**	1997	**1998**	1997
Sales	**360.3**	355.6	**743.0**	530.5	**302.0**	268.2	**-**	-	**1,405.3**	1,154.3
Operating earnings (loss) before the following	**10.4**	8.3	**33.4**	30.4	**51.2**	39.3	**(11.0)**	(9.2)	**84.0**	68.8
Net losses from Property Development	**-**	-	**-**	-	**-**	-	**(1.0)**	(0.3)	**(1.0)**	(0.3)
Unusual items	**-**	(6.5)	**-**	15.3	**-**	-	**-**	0.9	**-**	9.7
Operating earnings	**10.4**	1.8	**33.4**	45.7	**51.2**	39.3	**(12.0)**	(8.6)	**83.0**	78.2
Total assets	**252.5**	229.3	**452.6**	380.2	**235.5**	187.3	**75.2**	62.7	**1,015.8**	859.5
Acquisitions	**-**	35.8	**44.1**	139.7	**-**	-	**-**	-	**44.1**	175.5
Capital expenditures	**14.7**	15.2	**19.9**	17.0	**45.9**	20.5	**0.1**	0.5	**80.6**	53.2
Depreciation	**15.8**	13.5	**11.7**	6.2	**14.3**	13.4	**0.1**	0.2	**41.9**	33.3
Amortization	**5.3**	4.4	**7.5**	1.2	**1.0**	0.7	**-**	0.3	**13.8**	6.6

(b) Geographic Segments:

	Canada		United States		Total	
(millions of Canadian dollars)	**1998**	1997	**1998**	1997	**1998**	1997
Sales	**461.4**	484.1	**943.9**	670.2	**1,405.3**	1,154.3
Operating earnings before the following	**27.2**	35.0	**67.8**	43.0	**95.0**	78.0
Net losses from Property Development	**(1.0)**	(0.3)	**-**	-	**(1.0)**	(0.3)
Unusual items	**-**	9.7	**-**	-	**-**	9.7
	26.2	44.4	**67.8**	43.0	**94.0**	87.4
Corporate expenses					**(11.0)**	(9.2)
Operating earnings					**83.0**	78.2
Identifiable assets	**340.9**	260.1	**665.7**	580.5	**1,006.6**	840.6
Corporate assets					**9.2**	18.9
Total assets					**1,015.8**	859.5
Acquisitions	**44.1**	7.6	**-**	167.9	**44.1**	175.5
Capital expenditures	**25.4**	16.1	**55.2**	37.1	**80.6**	53.2
Depreciation	**10.2**	9.7	**31.7**	23.6	**41.9**	33.3
Amortization	**1.5**	1.0	**12.3**	5.6	**13.8**	6.6

Management's Report to the Shareholders

Preparation of the consolidated financial statements accompanying this annual report and the presentation of all other information in the report is the responsibility of management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and reflect management's best estimates and judgements. All other financial information in the report is consistent with that contained in the consolidated financial statements.

The Board of Directors, through its Audit Committee, oversees management in carrying out its responsibilities for financial reporting and systems of internal control. The Audit Committee, which is composed of non-employee directors, meets regularly with financial management and external auditors to satisfy itself as to the reliability and integrity of financial information and the safeguarding of assets. The Audit Committee reports its findings to the Board of Directors for consideration in approving the annual consolidated financial statements to be issued to shareholders.

BW Jamieson

B.W. JAMIESON
Vice President, Finance and Chief Financial Officer
February 12, 1999

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Jannock Limited as at December 31, 1998 and 1997 and the consolidated statements of earnings, retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1998 and 1997 and the results of its operations and cash flow for the years then ended in accordance with generally accepted accounting principles in Canada.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP, CHARTERED ACCOUNTANTS
Toronto, Ontario, February 12, 1999

Ten-Year Financial Review

Unaudited

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
OPERATING RESULTS (millions of Canadian dollars)										
Sales	**1,405.3**	1,154.3	1,084.3	998.3	803.7	571.6	493.7	469.3	519.6	503.0
Operating earnings (loss)	**83.0**	78.2	81.9	41.6	45.0	26.3	5.8	(5.2)	35.9	68.8
Earnings (loss) before extraordinary items and discontinued operations	**44.9**	41.9	44.1	12.9	20.1	5.1	39.4	(12.2)	20.8	45.8
Net earnings (loss)	**44.9**	44.5	50.7	19.7	27.7	0.3	30.3	(32.4)	13.1	46.9
Dividends paid on Common shares	**16.7**	15.1	15.1	24.2	24.2	21.8	21.8	21.8	21.7	21.7
Dividends paid on Preference shares	**1.5**	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6
Capital expenditures	**80.6**	53.2	23.2	27.2	24.4	19.5	16.3	13.5	34.9	16.1
Depreciation	**41.9**	33.3	33.7	33.9	28.4	24.3	22.3	21.6	21.4	18.4
FINANCIAL POSITION (millions of Canadian dollars)										
Working capital	**204.6**	170.1	190.7	165.4	151.6	135.6	103.8	8.1	86.4	97.7
Fixed assets - net	**319.6**	258.1	210.5	217.0	219.4	212.4	201.9	199.9	203.5	190.2
Total assets	**1,015.8**	859.5	733.3	699.5	657.5	551.9	519.5	546.2	725.3	580.2
Long-term debt	**272.1**	264.8	163.4	174.8	130.3	67.0	57.9	38.1	48.6	28.0
Common shareholders' equity	**490.6**	359.8	324.8	287.4	297.9	287.4	249.6	235.1	290.4	300.6
Preference shareholders' equity	**18.3**	18.5	18.5	18.7	18.9	19.1	19.2	19.6	19.9	20.4
FINANCIAL RATIOS										
Working capital	**2.0:1**	1.9:1	1.9:1	1.8:1	1.8:1	1.8:1	1.6:1	1.0:1	1.3:1	1.5:1
Return on average Common shareholders' equity (%)	**10.0**	12.8	16.4	6.3	9.1	(0.5)	12.1	(12.8)	3.8	15.6
Net debt to total capitalization (%)	**34**	40	32	38	32	19	23	39	46	22
SHARE DATA (dollars per share, except where noted)										
Earnings (loss) before extraordinary items and discontinued operations	**1.30**	1.35	1.43	0.38	0.62	0.13	1.43	(0.52)	0.72	1.67
Earnings (loss) after extraordinary items and discontinued operations	**1.30**	1.44	1.65	0.61	0.88	(0.05)	1.08	(1.28)	0.43	1.71
Dividend paid per Common share	**0.50**	0.50	0.50	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Equity	**14.33**	12.07	10.92	9.75	10.10	9.79	9.52	9.00	11.02	11.39
Shares outstanding										
Common (000s)	**34,473**	30,292	30,288	30,278	30,258	30,258	27,258	27,258	27,158	27,171
Second Preference (000s)	**1,220**	1,235	1,235	1,246	1,260	1,270	1,277	1,306	1,324	1,360
Fourth Preference (000s)	**159**	174	174	234	234	184	219			
Number of Common shareholders (000s)	**1,686**	1,806	2,025	2,228	2,313	2,471	2,679	2,863	3,105	3,387
Price Range										
Common shares										
High	**22.40**	23.30	19.40	17.38	22.88	20.00	18.50	17.88	19.75	22.00
Low	**12.00**	16.00	11.50	12.75	14.13	13.63	12.13	12.50	11.38	17.38
Second Preference shares										
High	**18.00**	18.00	17.90	17.25	17.00	16.50	15.00	13.75	13.75	14.25
Low	**16.50**	16.90	16.10	15.00	14.88	13.75	13.00	10.88	10.25	13.00

Quarterly Data

Unaudited

SALES AND EARNINGS (millions of Canadian dollars, except per share data)

	Q1	Q2	Q3	Q4	1998 Total	Q1	Q2	Q3	Q4	1997 Total
Sales	240.8	365.8	407.1	391.6	1,405.3	209.0	317.9	347.5	279.9	1,154.3
Operating earnings (loss)	(10.1)	28.3	31.8	33.0	83.0	(0.7)	30.3	23.1	25.5	78.2
Net earnings (loss)	(9.9)	15.7	17.3	21.8	44.9	(3.1)	20.3	12.5	14.8	44.5
Earnings per share	(0.34)	0.50	0.51	0.63	1.30	(0.12)	0.67	0.41	0.48	1.44

SEGMENTED (millions of Canadian dollars, except where noted)

SALES	Q1	Q2	Q3	Q4	1998 Total	Q1	Q2	Q3	Q4	1997 Total
Vinyl Group	65.1	99.5	103.1	92.6	360.3	73.1	102.0	106.0	74.5	355.6
Metal Group	122.4	183.4	224.8	212.4	743.0	86.8	138.7	166.1	138.9	530.5
Brick Group	53.3	82.9	79.2	86.6	302.0	49.1	77.2	75.4	66.5	268.2
Consolidated	240.8	365.8	407.1	391.6	1,405.3	209.0	317.9	347.5	279.9	1,154.3

OPERATING EARNINGS	Q1	Q2	Q3	Q4	1998 Total	Q1	Q2	Q3	Q4	1997 Total
Vinyl Group	(6.6)	5.0	5.2	6.8	10.4	1.2	6.2	2.4	(1.5)	8.3
Metal Group	(4.9)	9.0	18.0	11.3	33.4	(1.5)	11.2	14.3	6.4	30.4
Brick Group	3.9	16.7	11.9	18.7	51.2	1.6	14.5	12.8	10.4	39.3
Corporate expenses	(2.4)	(2.2)	(3.1)	(3.3)	(11.0)	(1.9)	(1.7)	(2.0)	(3.6)	(9.2)
	(10.0)	28.5	32.0	33.5	84.0	(0.6)	30.2	27.5	11.7	68.8
Property Development	(0.1)	(0.2)	(0.2)	(0.5)	(1.0)	(0.1)	0.1	(0.1)	(0.2)	(0.3)
Unusual items	-	-	-	-	-	-	-	(4.3)	14.0	9.7
Consolidated	(10.1)	28.3	31.8	33.0	83.0	(0.7)	30.3	23.1	25.5	78.2

OPERATING MARGINS (%)*	Q1	Q2	Q3	Q4	1998 Total	Q1	Q2	Q3	Q4	1997 Total
Vinyl Group	(10.1)	5.0	5.0	7.3	2.9	1.6	6.1	2.3	(2.0)	2.3
Metal Group	(4.0)	4.9	8.0	5.3	4.5	(1.7)	8.1	8.6	4.6	5.7
Brick Group	7.3	20.1	15.0	21.6	17.0	3.3	18.8	17.0	15.6	14.7
Consolidated	(4.2)	7.7	7.8	8.6	6.0	(0.3)	9.5	7.9	4.2	6.0

* before Unusual items and Property Development

Corporate Information

BOARD OF DIRECTORS

R. JAY ATKINSON [1]
Mississauga, Ontario
President and
Chief Executive Officer
Jannock Limited
Director since 1991

ROY F. BENNETT [1,4]
Toronto, Ontario
Chairman of the Board
Jannock Limited
Chairman
Bennecon Limited
Director since 1982

J. LORNE BRAITHWAITE [1,3]
Thornhill, Ontario
President and
Chief Executive Officer
Cambridge Shopping
Centres Limited
Director since 1986

IAN C.B. CURRIE Q.C. [2]
Toronto, Ontario
Counsel
Fraser Milner
Director since 1997

MICHAEL W. GUNN [3,4]
Irving, Texas
Senior Vice President,
Marketing
American Airlines, Inc.
Director since 1995

JAMES F. HANKINSON [2]
Toronto, Ontario
President and
Chief Executive Officer
New Brunswick Power
Corporation
Director since 1996

VICTOR C. HEPBURN
Toronto, Ontario
Executive Vice President
Jannock Limited
Director since 1991

ROBERT W. KORTHALS [1,2,4]
Toronto, Ontario
Company Director
Director since 1987

WILLIAM R.C. MACDONALD [3]
Orillia, Ontario
Company Director
Director since 1997

EILEEN A. MERCIER [2]
Toronto, Ontario
President
Finvoy Management Inc.
Director since 1996

CHARLES E. SHULTZ [3,4]
Calgary, Alberta
Chairman and
Chief Executive Officer
Dauntless Energy Inc.
Director since 1995

1 Member of the Executive Committee
2 Member of the Audit Committee
3 Member of the Human Resources and Compensation Committee
4 Member of the Nominating and Corporate Governance Committee

OFFICERS OF THE COMPANY

ROY F. BENNETT
Chairman of the Board

R. JAY ATKINSON
President and
Chief Executive Officer

VICTOR C. HEPBURN
Executive Vice President

BRIAN W. JAMIESON
Vice President, Finance and
Chief Financial Officer

DALE H. KERRY
Vice President,
Human Resources

WILLIAM R. COTTICK
Vice President, General
Counsel and Secretary

ROBERT H.R. DRYBURGH
Vice President

NORMAN W. JOHNSTON
Vice President

NICHOLAS M. DOWD
Corporate Controller

KAREN A. MURPHY
Assistant Secretary

BUSINESS GROUPS

VINYL GROUP

N.W. JOHNSTON
President

G.A. ACINAPURA
Executive Vice President
Fabricated Products

R.A. KELLER, JR.
Executive Vice President
Siding

R.G. ROWLAND
Vice President
Process Technology

D.I. DOUGLASS
Vice President and Chief
Financial Officer

J. MASSA
President
Heartland Building
Products

H. KAYE
President
Kensington Windows

C. CLARK
President
Master Shield
Building Products

P.G. OREBAUGH
President
Outdoor Technologies

H. KAYE
President
Survivor Technologies

METAL GROUP

JENISYS ENGINEERED PRODUCTS

R.H.R. DRYBURGH
President

R.A. RICHARDSON
Vice President and
General Manager
Material Resources

R.J. SLATTERY
Vice President, Finance

F.G. KIME
Chairman
Big 'O' Inc.

C.M. PHILLIPS
President
Armtec Division
Big 'O' Inc.

S. STADNYCKYJ
Vice-President and
General Manager
P. G. Bell Division

J.G. WATSON
President
VICWEST Canada

J.R. SKULL
President
Westeel Division

G.F. KING
President and
Chief Executive Officer
Associated Building
Systems, Inc.

G.D. PAPAZIAN
President
VICWEST, U.S. Division

BRICK GROUP

V.C. HEPBURN
President

C.J. MCEWEN
Vice President
Administration

D.M. FASKEN
Vice President
Jannock Properties

S.R. POXON
President
Canada Brick Division
St. Laurent Brick Division

W.R. EPPS
President and
General Manager
Boren Brick

S.B. BEUCHLER
President and
General Manager
Richtex

C. BARISICH
President and
General Manager
U.S. Brick,
Michigan Division

W.F. HARRISON, JR.
President and
General Manager
U.S. Brick, Sipple Division

R.W. ROHLFS
President and
General Manager
U.S. Brick, Texas Division

Corporate Governance

Jannock's approach to corporate governance is as follows
(for greater detail, please refer to Jannock's Management Information Circular):

THE BOARD OF DIRECTORS

Jannock's Board of Directors supervises the management of the business and affairs of the Company. Jannock's management is responsible for the day-to-day operations of the business and affairs of the Company. The Board or a Committee of the Board is responsible for: (i) the adoption of a strategic planning process; (ii) the identification of the principal risks borne by the Company and the implementation of the appropriate systems to manage these risks; (iii) succession planning and the monitoring of senior management; (iv) a communications policy for the Company; and (v) the integrity of the internal control and management information systems. Management is required to provide the Directors with information sufficient for them to form independent and informed opinions on the business matters presented to them for consideration.

Of the 11 Directors presently acting, 8 are unrelated Directors and 3 are related Directors. Messrs. Atkinson and Hepburn are related Directors as a consequence of their employment as executive officers of the Company. Mr. Currie is Counsel to Fraser Milner, which provides legal services to the Company from time to time, and is also considered a related Director. Jannock does not have a shareholder with an ability to exercise a majority of the votes for the election of Directors. There were six regularly scheduled meetings and two additional meetings of the Board during the financial year ended December 31, 1998.

The Board has an Executive Committee, an Audit Committee, a Human Resources and Compensation Committee, a Nominating and Corporate Governance Committee, and may appoint other Committees from time to time for particular purposes.

EXECUTIVE COMMITTEE

The Executive Committee has the authority to act on behalf of the Board, except as provided in the Business Corporations Act (Ontario). The Committee is composed of one related and three unrelated Directors who met once in 1998.

AUDIT COMMITTEE

The Audit Committee reviews the consolidated financial statements and other financial reports issued by the Company. The Audit Committee also reviews: the audit plans and reports; the internal controls; and the principal risks and systems to manage them. The Audit Committee is composed of one related outside Director and three unrelated Directors and met four times in 1998.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

This Committee sets and reviews executive remuneration. With the advice and assistance of the Chief Executive Officer it also reviews and recommends senior management succession plans. The Committee is composed of four unrelated Directors and met four times during 1998.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

This Committee reviews the effectiveness of the Corporation's corporate governance practices and recommends appropriate changes where necessary. It also recommends candidates for election to the Board and ensures the independence of the Board of Directors from the management of the Corporation. The Committee has four unrelated Directors and met two times during 1998.

Jannock's corporate governance practices comply with the guidelines of The Toronto Stock Exchange and The Montreal Exchange.

Investor Information

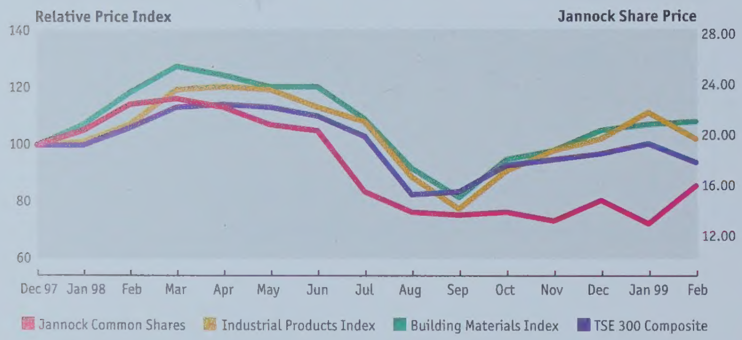
SHARE TRADING INFORMATION

Per the Toronto Stock Exchange

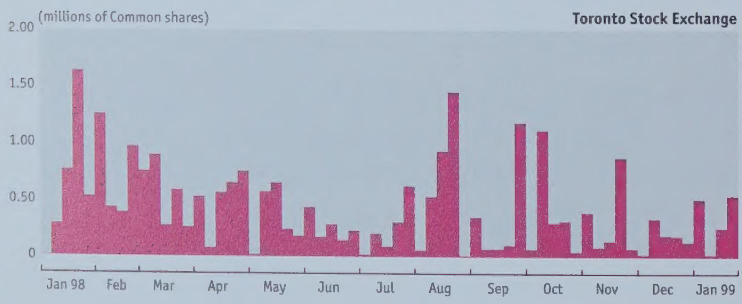
COMMON SHARES

Trading Statistics	High	Low	Close	Volume (thousands)
1998				
1st Quarter	**21.85**	**17.25**	**21.50**	**8,947**
2nd Quarter	**22.40**	**18.40**	**19.50**	**5,445**
3rd Quarter	**19.60**	**12.00**	**14.25**	**5,935**
4th Quarter	**15.40**	**13.00**	**15.00**	**4,227**
1997				
1st Quarter	23.30	19.10	21.00	2,510
2nd Quarter	22.85	18.50	21.10	3,829
3rd Quarter	22.45	18.55	20.65	7,604
4th Quarter	20.80	16.00	18.50	9,882

1998 SHARE PRICE PERFORMANCE



SHARE TRADING VOLUMES



DIVIDENDS

In 1998, Jannock paid dividends of $0.50 per share to holders of Common shares, and $1.20 per share to holders of Second Preference shares. Both dividend distributions were made in four equal quarterly installments.

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
Montreal, Toronto and Vancouver

Shareholders wishing for information concerning share ownership or dividends, please write to, or call our transfer agent:

Montreal Trust Company
Shareholder Services
151 Front Street West, 8th Floor
Toronto, Ontario M5J 2N1
(416) 981-9500

CO-TRANSFER AGENT

The Bank of Nova Scotia
Trust Company, New York

STOCK LISTINGS AND SYMBOLS

The Toronto Stock Exchange
The Montreal Exchange

Common shares: JN
$1.20 Second Preference
shares: JN.PR.C

NASDAQ
Common shares: JANNF

INVESTOR CONTACT

Institutional investors, brokers, security analysts and others desiring financial information about Jannock should contact:

Mr. Brian W. Jamieson
Vice President, Finance and
Chief Financial Officer
Tel.: (416) 364-8586
Fax: (416) 364-5911
e-mail: bjamie@jannock.com

OFFICES

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Fax: (416) 364-9342

GROUP OFFICES

VINYL GROUP

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Pittsburgh, Pennsylvania
15220-2746
Tel.: (412) 928-5740
Fax: (412) 928-5745

METAL GROUP

Jenisys Engineered Products
1296 South Service Road West
Oakville, Ontario L6L 5T7
Tel.: (905) 825-5191
Fax: (905) 825-0536

BRICK GROUP

2121 Britannia Road West
P.O. Box 668
Streetsville, Ontario L5M 2C3
Tel.: (905) 819-2900
Fax: (905) 821-7959

Annual and Special Meeting

Jannock Limited's Annual and Special Meeting of Shareholders will be held on Friday, May 7, 1999 at 11 a.m. on the Trading Floor of the Design Exchange, 234 Bay Street, Toronto-Dominion Centre, Toronto, Canada. All shareholders are encouraged to attend.

EN FRANÇAIS

La version française de ce rapport peut être obtenue sur demande écrite au sécrétaire de la société.

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This document contains forward looking statements with respect to Jannock Limited and its subsidiaries. By their nature, forward looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward looking statements. These risks and uncertainties include the cyclical nature of the construction industry, changes in interest rates and general economic conditions, adverse weather, costs and availability of materials used to manufacture the Company's product and competitive developments affecting the building products industry, as well as other risks detailed from time to time in reports and disclosure documents filed by Jannock Limited with securities commissions in Canada and the United States, and which are available to the public. For additional information on risks, see pages 55 and 56 of Management's Discussion and Analysis in this Report.

Statements and disclosures throughout this report related to Year 2000 readiness, including without limitation the information contained in the Year 2000 section on page 56 of the Management's Discussion and Analysis, and in Note 12 to the Consolidated Financial Statements on page 67 hereof, are Year 2000 Readiness Disclosures within the meaning of the United States Year 2000 Information and Readiness Disclosure Act.

A BETTER PLACE TO LIVE

Making the world a better place in which to live. That's what building products do – help create a healthier, safer and more comfortable environment in which people can live and work. But the natural environment deserves even more care and respect. For this reason, Jannock not only has a policy of compliance with all applicable regulatory standards, but it also encourages each of its facilities to be constantly aware of its environmental responsibility.